FINANCIAL TIMES

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SUMMARY

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...odesia ...sh: 17 ...icans ...led

...Greenhill prepared to ...-day to Mr. James ..., Foreign Secretary, ... Rhodesia visit. It was ... from Salisbury that 17 ...uerillas and four white soldiers had died in ... clash.

...gagement brought the ...guerillas killed in the ...k to 45, according to ...alisbury sources.

...hile, negotiations with ...nue for the release of ...esian Railway officials, ...e arrested last Friday. ...d. *The railway linking ...with Maputo (Lourenco ...) remained closed.* ...ge

...ard men ...urt to-day

...cotland Yard retired or ...d officers who step into ... to-day no bribery con... ...harges may be followed ...ues *still under investi...* the Yard's A 10 anti... ...n squad.

Ulster ...ice feared

...week-end of concerted ... protests which kept ...orces heavily occupied ...nerked 150 bomb hoax ... dealt with 50 car ..., Mr. Merlyn Rees, ... Ireland Secretary, ... Belfast to-day to face ...t of mass violence ...he ending of special *...status for convicted* ... and the refusal of ...in Stormont to accept ...for power sharing.

...nhill to ...t to-day

...enhill, who returned to ...rom Rhodesia over the ... is to report to Mr. ...llaghan, Foreign Secre... ...morning on his two ...ks in Salisbury. Mean... ...African guerillas and ...e Rhodesian soldiers ...l in the latest clash, ...the total of guerillas ...the past week to 45. ...e

...nvestigates ...a dispute

...informed Morocco that ...support the Algerian-... Polisario's Democratic ...of Arab Sahara in the ... Sahara, a senior U.S. ...artment official arrived ...s for talks with Presi... ...medienne as part of a ...g tour of capitals ...in the dispute.

...William Simon, U.S. ... Secretary, who is visit... ...Middle East, is due in ...man to-day. In **Beirut**, ...ese Army units and the ...ne Liberation Army were ...responsibility for main... ...law and order with the ...of upholding the Syrian-...ed truce. **Middle East Page 5**

...ds alert ...talian yacht

...nt ships are to be asked ...yd's to look out for ...B II, Italian entry in the ...per Race which has been ...contact since leaving the ...d Islands 25 days ago. ...owner's radio has been a ... source of trouble. ...II, the French entry, ...started from Sydney 27 ...fter the other yachts, is ...ies south of the equator ...n days inside the time ...to this position by Great ...II.

...th Sea oil ...es shock

...regional rates assessor ...o send rates bills to Shell-...nd Hamilton Brothers in ... of their Auk and ... oil fields off Scotland. ...hed by the convenor of ...national Council as "some-...over-zealous," the assessor ...e final assessment "could ...astronomical, possibly ...g into millions of ..." **Page 4**

...corde offer

...de should be allowed to ...t Niagara Falls airport, ...a's mayor proposed yester-... Suggesting that the boost ...ism would outweigh noise ... the mayor said: "I hate ...e rejects from elsewhere. ...is could open up our air-...s a major landing place."

...fly . . .

...ss Anne left the King ...d VII Hospital for Officers ...ndon yesterday after a ...e check-up.

...plans a "brand new navy" *...most modern in the Indian ...a*—according to Admiral ... Kohli, chief of naval staff.

BUSINESS

Murray underlines TUC call for jobs

● **TUC LEADERS** are to press Mr. Denis Healey, Chancellor of the Exchequer, to inject almost £2bn. into the U.K. economy in his Budget, to stem the rise of unemployment.

Mr. Len Murray, the TUC general secretary, underlined that this "moderate reflationary boost" was not a once-and-for-all answer. There would need to be continuing dialogue between the TUC and Government.

The TUC Budget proposal was not a "prescription for a consumer-led boom," but was designed to defeat inflation and lay a foundation for rebuilding the economy, he said. **Back Page**

● **PRIME MINISTER** is to chair Wednesday's NEDC meeting, the monthly tripartite discussion between unions, employers and Government on the economic *outlook* and the future of price restraint. **Page 4**

● **NATIONAL** Enterprise Board will be subject to the rules of the City Take-over Panel and monopolies and merger restrictions under Government guidelines on its operation due to-day. **Back Page**

● **WORKERS' REPRESENTATIVES** should have a third of the seats on a company's Board, the Industrial Participation Association tells the Government inquiry on industrial democracy. But these measures should not be imposed unless backed by a majority of each workforce. **Page 4**

Italy reopens lira market

● **ITALY'S** foreign exchange market reopens to-day after an enforced 30-day closure to curb speculation against the lira. Banking sources in Rome expect the lira to open at between 750 and 760 to the dollar. **Back Page**

● **U.K. BALANCE** of payments is probably in surplus and the current account may improve sharply, according to an analysis published to-day by Morgan Grenfell. **Page 4**

● **FIRST MAJOR ORDER** in five months for Britain's shipbuilding industry has gone to Robb Caledon of Leith. The £3.5m. contract to build a liquefied gas carrier is a fillip both for the industry and the yard's 1,000 workers. **Back Page**

● **CLOSED SHOP** has come to Britain's shoe industry. From to-day all new entrants must join the National Union of Footwear, Leather and Allied Trades. All existing employees who are not union members have until November to comply.

Egyptian problem

● ***EGYPT'S FINANCIAL** climate* is seriously worrying foreign bankers and financiers, reports **Michael Tingay**. The country is said to be up to 45 days overdue on bank-to-bank loans. A senior *Egyptian banker* admitted to 32 days' delay but claimed that 45 days "must be a technical oversight." **Page 5**

● **DR. BASIL BARD** has left *the Board of First National* Finance Corporation, with a compensation payment believed to be £40,000. This is the first of about eight departures which is expected to include former *chairman Mr. Pat Matthews.* **Back Page**

● ***LEGAL ACTION*** to stop Ataka America and the Sumitomo Bank from continuing with the appointment of receivers at the $200m. Come By Chance refinery in Newfoundland has been taken in New York by Newfoundland Refining Company and its subsidiary, Provincial Refining Company. **Page 5**

COMPANIES

● **SKF**, the bearings and steel group, reports a 29 per cent. fall in pre-tax profits to Kr.567m. (£64m.), compared with an earlier Kr.600m. forecast. **Page 17**

● **PATINO**, the Dutch tin group headed by Bolivian millionaire *Mr. Antenor Patino, has agreed* to sell its 40 per cent. stake in Rio Tinto Patino to Union Explosives Rio Tinto for $32.8m. (£16.4m.) in cash. **Page 16**

● ***ASSOCIATED FISHERIES*** should make some progress this year, say the directors. But they find it difficult to forecast when the full benefit of the various steps taken will mature. *The group made a £2.03m. loss last year.* **Page 16 and Lex**

● **CITIBANK**, *the name* by which the First National City Bank—the second largest U.S. commercial bank—is almost universally known, is adopted as the bank's official name from to-day.

Union leaders give Tory olive branch a cool reception

BY RICHARD EVANS and ROY ROGERS

The Conservative Party's new policy of seeking reconciliation with the trade unions was received yesterday with scepticism or hostility by most senior union leaders.

At the same time the Right-wing Selsdon group of Tory supporters came out against the new campaign for co-operation rather than confrontation with the union movement. They described the policy as a "sell-out to trade union power."

The new Conservative proposals, which are likely to form a key element in the party's political strategy, were outlined by Mrs. Margaret Thatcher, Opposition leader, at the Conservative Trade Unionists' annual conference in Manchester at the week-end.

They include a promise of full employment together with a pledge that a Conservative Government would fully consult union leaders on industrial policy.

But many union leaders made it clear last night that they see the new Tory strategy more as a device for wooing the electors than the unions.

Among the more outspoken comments came from Mr. Alan Fisher, general secretary of the National Union of Public Employees, who described the campaign, unveiled by Mrs. Thatcher, as "political manoeuvering."

Mr. Jack Jones, the transport union general secretary and the force behind the present concordat between the TUC and the Labour Government, welcomed anything that meant greater acceptance of the union movement. But he pointed out the Tories' anti-union stance in the past and declared: "We shall be looking for deeds, not words."

Stressing that it took a Labour Government to bring in the Employment Protection Act and other "far reaching" labour relations legislation, Mr. Jones declared his belief that many millions of trade unionists would feel better off with Labour.

Mr. David Basnett, of the General and Municipal Workers, said the week-end Tory speeches showed "little understanding of trade unions."

Power

Vague references to unrepresentative union officials and the selfish use of power and political opinions raised questions about the Tories' appreciation of the problems of industry and the economy — especially when the unions are taking positive action by co-operating with the Government's new industrial strategy, he added.

More doubts were expressed by Mr. Tom Jackson, general secretary of the Union of Post Office Workers who recalled that both Mrs. Thatcher and Mr. James Prior, "shadow" Employment Secretary, were members of the Heath Government which "took on" the postal workers in 1971 and the miners three years later.

Mr Jackson said that he would be delighted if the leopard had finally changed its spots — but he doubted it. "My name is not Thomas for nothing," he added.

Mrs. Thatcher's olive branch to the unions, is likely to be welcomed by the majority of Tory MPs as a constructive attempt to steer the party away from the confrontation policies that destroyed the Heath Government.

The only immediate criticism of the marked change of direction came not from the supporters of Mr. Heath, who widely accept the need for a more conciliatory approach to industrial relations, but from the Selsdon Group.

The pressure group, formed to combat the Heath administration's switch from its "lame ducks" industrial policy, denounced Mrs. Thatcher's peace proposals as "one of the greatest sell-outs to trade union power."

A statement demanded the reversal of Labour's closed shop policy, tough action on picketing and an end to State benefit for strikers and their families.

Numerically the group is small, particularly among MPs, but it contains some effective propagandists and has a degree of influence in the constituencies where many party activists are by inclination wary of the increasing industrial and political muscle of the unions.

A number of MPs broadly on the right of the party are unlikely to welcome the new direction warmly but will not oppose it openly at this early stage.

They will watch future developments closely, including the publication in the next few weeks of a discussion document

Continued on Back Page

U.K. car sales upturn continues in February

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

EVIDENCE that the unexpected improvement in new car sales registered in January has carried through into February is giving rise to increasing optimism in the industry about market prospects this year. Some executives believe that the turning point at the 1974/75 slump has now been passed.

In January, registrations were marginally above last year's, in spite of the long Christmas holiday period with disrupted *output and limited sales opportunities.* In February, however, registrations are thought to have shown a significant increase on last year.

During the first 20 days of the *month, 97,000 cars were sold* against 84,000 in the same period last year, and there is a possibility that the 120,000 figure will be reached for the months as a whole. This would represent an increase of about 10 per cent. on both 1974 and 1975.

Some authorities in the industry still believe that the car market will need a boost from the Exchequer if sales are to exceed last year's total of about 1.2m.

They point to the fact that the market has been much more volatile *over the last year than is* normal, making forecasting unusually difficult.

Nevertheless, the January and February figures give some hope that the U.K. is now beginning to pick up and follow the rest of Europe.

In Germany, the speed of recovery has been such that production is fast approaching the *boom levels of 1973, and French* companies are reporting orders of 20 per cent. to 30 per cent. above those recorded in the same period last year. Peugeot, Volkswagen and Opel have all been *hiring workers, the two German* companies having pruned their workforce considerably during the slump.

In the U.K., car imports were again pitched at a high level last month. For the 20-day period, some 34.5 per cent. of sales were imported models. Datsun, leading the field with 5.4 per cent. and Renault following with 5 per cent.

British Leyland, following a two-month trouble-free production run, is maintaining its recovery to top position in the market with a 32.5 per cent. share, followed by Ford with 24 per cent. and Vauxhall with 8 per cent. About 2 per cent. of the Vauxhall total is accounted for by the Cavalier, an imported *model made in Belgium.*

Chrysler, still getting back into shape after the Government rescue, had to be content with a lowly 2.6 per cent. share.

***Trade vehicle exports rising.* Page 4**

Trawlers sell catches at loss

BY QUENTIN GUIRDHAM

BRITISH trawlermen fishing in the cod war off Iceland are selling their catches at a loss. Some of the fish are being used in pet foods.

In Hull, where the new fish dock and market was opened on Friday by Mr. Fred Peart, Minister of Agriculture, Fisheries and Food, the price of fresh cod ended the week at £18.50-£19 per kit (this is the 140 lb. measure in which the fish is sold, of which about 70 lb., in the case of cod, is useable after filleting).

At one stage last week, the price for some cod dropped to £13 per kit. The British Trawlers' Federation, which says that trawler owners showed a £9m. loss last year—despite Government subsidy, claims that the break-even point for cod fishing is £20-£21 per kit.

Trawlers selling their catches last week lost £50,000, the BTF said.

Blame for low prices is laid partly in reduced demand. When *the price of cod reached around* 90p in the shops before Christ*mas, shoppers stopped buying* and have not returned despite large price reductions. Fish-and-chip shops have also taken less cod, partly because the trade is depressed by high potato prices.

But the BTF claims the main cause of low prices is the increase in imports of cheap frozen cod fillets. Last year there was a 35 per cent. increase from 24,200 tons to 32,940 tons, while the average price per cwt. dropped from £3.56 in 1974 to £3.37.

Collision

"Aberdeen is within weeks of ceasing as a fishing port," was one claim made by the BTF yesterday. The British deep-sea fleet had been reduced from 489 vessels in November 1974 to 352 vessels in November 1975 and was now down to an estimated 320 vessels.

The Ministry of Defence said yesterday the frigate Yarmouth had suffered "some damage" to *her bows, but no injuries to crew,* in collision with the Icelandic *ship Baldur; reports suggest that* Iceland is to reinforce its coastguard gunboat fleet with a number of stern trawlers.

Our Foreign Staff writes: In what will undoubtedly be seen *as a substantial propaganda* gain for Iceland in its "cod war" with Britain, the Nordic Council yesterday called for withdrawal of British frigates from around Iceland.

The appeal came in a statement by the Council Presidium and was addressed to Nordic Governments only.

The Nordic Co-operation Organisation, comprising Denmark, Sweden, Norway, Finland, Iceland and the Faroes has no formal mandate to deal with foreign policy matters.

● Several Danish trade union officials are trying to organise a private volunteer force to support the Icelanders and hamper British frigates off Iceland. Mr. Hans Clausen, the group's organiser, said the aim was to get enough men to crew a chartered freighter.

FEATURES

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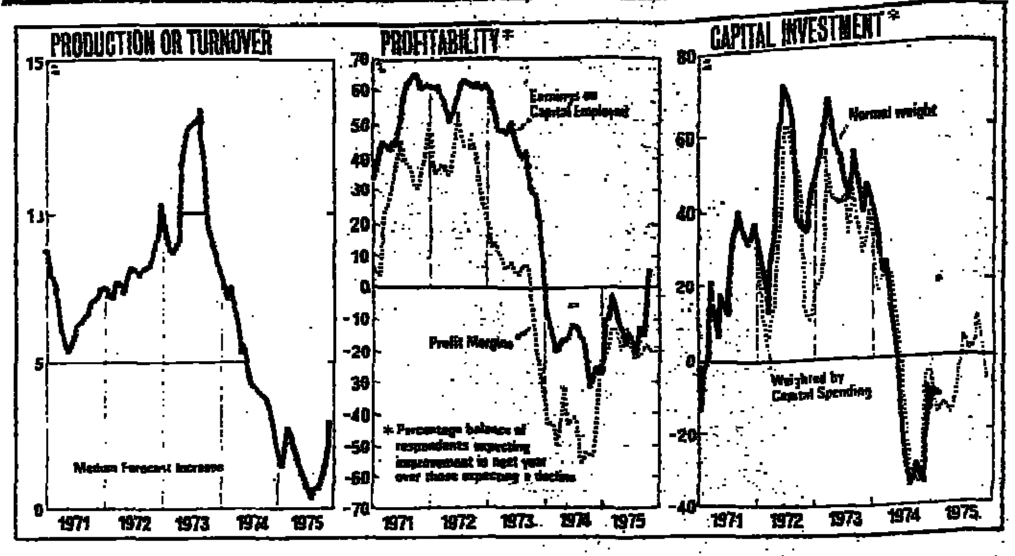
FT Monthly Survey of Business Opinion



Sign of recovery gives confidence a boost

AN IMPROVED trend of orders has given another filip to business confidence by suggesting *that recovery may at last be* slowly setting in.

The gain in optimism is tinged with considerable caution, however. All three industrial sectors covered by the Financial Times monthly business survey last month—chemicals and oils, mechanical engineering, and shipping and transport—reported a better trend of orders over the past four months.

But the improvement is modest and is largely due either to improved overseas prospects *or to the end of de-stocking at* home. Only in the chemicals and oils sector has the change of trend yet worked through to deliveries. In the other two sectors conditions remain generally depressed.

The better trend of orders is not expected to improve the outlook for employment and investment in the immediate future. On balance, industry is still expecting to make do with a smaller labour force over the coming twelve months, although the downward trend is slowing down. Similarly, the balance of investment intentions remains downward.

The prospect of a recovery in output is however expected to lead to some improvement in overall profitability although profit margins are likely to re*main under pressure.*

The trend of industrial costs and output prices is expected to go on declining slowly. The median forecast increase is now hovering around 13-14 per cent. But there are worries about the trend of wage costs after the £6 limit expires in July and this indicator has begun to edge up again.

One *surprising* feature of the latest survey is the number of engineering companies which are already *complaining about* one or other kind of supply constraint. They are mostly marginal in nature but they inject an ominous note at this stage of the business cycle.

Among the shortages cited last month were production capacity, skilled factory staff, castings, and diesel engines. Fears were also expressed about the possibility of key middle grade managers leaving for better-paid jobs as demand picks up.

Details Page 10

EARNINGS ON CAPITAL — 4 monthly moving total — February 1976

Those expecting earnings during current year to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Improve	37	25	27	25	53	59	32
Remain the same	14	19	24	19	35	37	31
Contract	31	40	39	47	12	4	30
No comment	18	16	10	9	—	—	7

DC-10: hope of early settlement

FINANCIAL TIMES REPORTER

LLOYD'S of London offered the hope yesterday of "expeditious settlements" of claims by relatives of victims of the Turkish Airlines DC-10 disaster. But a legal adviser to London underwriters of the aircraft said it would probably be the end of the year before any claims could be settled.

Mr. Denis Marshall, of solicitors Barlow Lyde and Gilbert, said he felt an appeal, following *the initial £750,000 jury award* to the Kween family, was almost certain.

This would not only concern the amount of compensation, but aim to determine the law applicable in such cases and which basis for an assessment of damages should be used.

Not all the plaintiff lawyers with different nationalities involved in the case were asking for compensation based on Californian living standards, he said.

An appeal by McDonnell Douglas, General Dynamics and Turkish Airlines would probably not be heard until the autumn. In spite of this likely delay, a Lloyd's spokesman said yesterday that he hoped that now some yardstick of damages was available, those claimants who had been "hanging on" would now be ready to settle.

It is thought that about half the passenger and hull insurance on the aircraft is carried through Lloyd's underwriters.

LOMBARD

Wanted—a sense of perspective

BY C. GORDON TETHER

If, as Mr. Ron Hayward, the Labour Party's general secretary, recently informed us, there are "deep reservations" in the movement about the Government's general economic policies, it is not before it was time. And those reservations should not be confined to those who are politically on the Left. For the present Healey theme is open to serious challenge both because it seems more likely to defeat than promote its purposes and because all our past experiences suggest that the fulfilment of those purposes is not going to get us anwhere. And this is a matter that the entire country has every reason for being acutely concerned about.

The dissident voices responsible for Counter Information Services' recent examination of the Government's economic policy performance appeared to be arguing that Labour's leadership had been induced or pressurised to play the capitalist game. The Government had, it said, "torn off its social democratic mask and opted for the wholesale defence of capital at the expense of the workers." And Miss Joan Lestor, the junior Minister who recently resigned by way of protest against the plan for cuts in social service expenditure, seemed to be talking on much the same lines when she explained her decision in a subsequent TV interview.

Obsessed

Yet it is conceivable that this continued refusal to consider modifying or altering the present approach to such potentially explosive problems as the growth of unemployment is attributable to something else. To nothing more sinister, indeed, than the fact that the Government has become so obsessed with curbing inflation, after the shocks of last year, that it is losing its sense *of perspective*.

The single-minded character its thinking has now assumed is admirably illustrated by a passage from a speech recently delivered by Mr. Jenkins, Home Secretary and a former Chancellor, in praise of the Healey doctrine. "There must be no false dawn on Britain's road to recovery," said Mr. Jenkins. "If we abandoned our efforts to control inflation and pay our way abroad, there would not be the slightest prospect of new soundly based jobs being created. Changing course now really would be a short cut to disaster."

What this statement clearly implies is that any move by the Government to set the wheels of industry turning faster would automatically both stoke up the fires of inflation and produce a deterioration in the balance of payments.

There is, however, no obvious reason why either of these things should happen now that the wages-prices spiral—the main source of inflation for a long time past — is being brought under control with a prices and incomes policy. Indeed, it would be more logical to argue that it is *not changing course now* that will put the disinflationary programme in peril.

There are at least two good reasons for thinking this. One is that, given acceptance of the principle that the unemployed must not be subject to undue deprivation, the effect of holding down the level of activity must be to provoke an actual widening of the money-goods gap. For this precipitates bigger contraction in the supply of goods than in workers' incomes. It is, therefore, clearly calculated to generate demand-pull inflation.

Overlooked

Secondly, as Lord Kahn recently pointed out, the attack on cost-push inflation could easily be put in grave jeopardy if the Government continues to refuse to relieve unemployment and slow down the erosion of real earnings. For it is difficult to conceive of anything more likely to prejudice the negotiation of a successful incomes policy to take the place of that expiring in July. And a failure here could rapidly reverse all the progress so far made in getting the wages-prices spiral under control.

As for the balance of payments, *any move that has the effect of* contracting the money-goods gap at home should be reflected in an improvement in the exports-imports relationship, since the need to rely on foreign goods to close that gap will be correspondingly reduced.

And, as I said at the start, it is not only in the tactical sense that the Government's policy is open to serious question. The same is true of its basic strategy. Thus the Healey plan, such as it is, rests on the proposition that we can win through to the promised land if consumption can be held back to a sufficient extent to ensure that a much larger part of the country's resources are available for *capital development*.

What this overlooks—and it is a lesson that our post-war story points up again and again—is that capital investment takes place, broadly speaking, only when it is demonstrable that the additional markets it is intended to cater for are going to be there. How is that requirement going to be met when a *sizeable part* of existing capacity is not being utilised and the economy is evidently destined to do no more than go on ticking over for a long time to come?

THE WEEK IN THE COURTS

A blow aimed at the conveyancing monopoly

BY JUSTINIAN

THE battle over the solicitors' conveyancing monopoly rumbles on, in spite of the fact that it is likely to be an early topic to be *tackled by the Royal Commission* on Legal Services. There have been skirmishes both in and out of Parliament that indicate that the battle lines are being drawn up in preparation for the final encounter.

Mr. Ken Weetch, Labour MP for Ipswich, has sought to test the temperature of the parliamentary water by introducing a private members' Bill to abolish the professional restrictive practice. If that gets anywhere along the road towards the statute book, there will at least be some indication of how the issue will ultimately be resolved. Meanwhile, another Labour politician has sounded a note of caution to the reformers. The Solicitor-General, in his lecture to the Merthyr Trades and Labour Council last Friday, pointed out that two major factors are involved in the maintenance or abolition of the monopoly.

As with any monopoly situation the public is entitled to be satisfied that exclusive power is not abused, that the work is competently performed and adequately supervised, that there is no over-charging, and that proper redress, backed by adequate insurance, is available to the victims of sub-standard work.

Monopoly

On the other hand, a monopoly situation does give the public protection against those *whose qualifications are inadequate* for the task. Buying a house is probably the most costly and the most risky venture undertaken by the ordinary citizen. If, after having committed the bulk of their income for years to come, house-buyers find that the house they were purchasing does not belong to them because, for example, it never was the seller's to sell, it is not too much to say that they may face financial ruin. The Solicitor-General concluded, with the caution that befits both a politician and a lawyer: "I do not venture to suggest what are the proper safeguards against these two categories of risk."

Companies who are seeking ways round the Act of Parliament that maintains the solicitors' monopoly have been finding little success in the courts. In *Reynolds v. Hoyle*, a case decided last summer in the High Court but only just reported in the Law Reports*, a number of people in the area of Worcester and Hereford formed an association called the *Property* Transfer Association of which Mr. Francis Reynolds was chairman and honorary conveyancer. Persons wishing to buy or sell property through the services of the association became members first, and one of the officers of the association, acting as a land transfer agent, would be allo*cated to the new member*. A fee of a fixed sum was charged to cover the transaction on behalf of the member, scaled in accordance with the value of the property. The transfer agent would conduct the transaction carrying out all the usual preliminaries, searches, inquiries up to the point where it became necessary to draft the transfer or conveyance for submission to the seller's solicitors.

At that stage Mr. Reynolds was approached to do the drafting. He neither received nor expected to receive any fee, gain or reward for the work which he, as an unqualified person, carried out in drafting and preparing the conveyance. But the *transfer agent* expected to, and did, receive a fee. Was the offence of conveyancing property by an unqualified person committed when someone else got the fee? In other words was the identity of the person who was given the fee unimportant?

The High Court held that if a fee was paid for the work, then the offence was committed *regardless of the identity of the* person to whom it was paid. The unqualified person would have failed to prove that the drafting was not done for "any fee, gain or reward."

But what if no fee is paid at all for the actual conveyance, but a fee is charged and paid for the preliminary work that is not prohibited but is regarded *as compensation for the non*-payment of a fee for the prohibited work? The High Court will soon have to rule on that question in a case under appeal from Middlesex Crown Court called *Beach v. Hoyle*. (Mr. Hoyle's name crops up on every occasion because he is the legal officer at the Law Society responsible for pursuing unqualified conveyances through the courts.)

Mr. Martin Beach carried on business as a conveyancing estate agent in North West London. As an unqualified person who offered a conveyancing service to clients he announced in loud and clear terms in a brochure that "as we are not solicitors we make no charge for doing those things which are set out in section 20 (1), Solicitors Act. We charge for all other works involved in transfers but we make no charge, nor do we expect any fee, gain or reward or payment for doing those things in section 20 (1)."

Colourable

The Law Society's argument, for saying that an offence had been committed every time a no-fee conveyance was drafted, was that the brochure was a colourable device. Once the court was entitled (as it must be) to look at the realities of the transaction as a whole, it was inevitable that the company had prepared the transfer to benefit itself by way of payment for the non-prohibited work.

The question for the High Court will be whether the collateral benefit constitutes a reward or gain for doing the unpaid work. The Middlesex Crown Court was a bit hard on the estate agent in accepting the Law Society's argument that the device was "colourable." The agents made no bones about their inability to charge the customer for the conveyancing work, and accordingly marked their *fee note accordingly*. But the crucial question is whether the ostentatious device did the trick of escaping the clutches of the monopoly legislation. If at last someone has found a way round the law, after years of unsuccessful litigation, a decisive blow will have been dealt at the solicitors' precious preserve.

*[1976] 1 W.L.R. 207.

SNOW REPORTS

	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°C
Andermatt	25	145	Fair	Fine	7
Igls	5	60	Fair	Fine	5
Isola 2000	160	200	Good	Sun	7
Murren	50	150	Fair	Fine	5
St. Anton	35	250	Good	Fine	8
Tignes	53	100	Fair	Fine	2
Verbier	15	75	Fair	Fine	3

In the above reports supplied by representatives of the Ski Club of Great Britain, L refers to lower slopes and U to upper slopes.

SCOTLAND

Cairngorm—Main runs, only a few complete. Lower slopes, limited nursery areas, wet snow. Vertical runs 1,400 feet.

Glenshee—Main runs, only a few narrow runs complete. Lower slopes, limited nursery areas, spring snow. Vertical runs 1,600 feet.

Glencoe—Main runs, only a few complete, new snow on a firm base. Lower slopes, very little snow. Vertical runs 1,150 feet.

Forecast—Mostly dry. Variable cloud. Wind N.W. strong, becoming light.

MONTHLY AVERAGES OF STOCK INDICES

—	Feb.	Jan.	Dec.	Nov.
Financial Times				
Government Secs	63.55	62.90	58.74	58.48
Fixed Interest	63.26	62.03	58.53	58.97
Industrial Ord.	404.2	397.0	366.8	367.3
Gold Mines	202.7	220.3	250.1	247.6
Dealings mkd.	6,912	8,132	5,360	7,955
F.T. Actuaries				
Ind.Grp.	160.64	158.02	141.31	147.34
500-Share	175.32	173.22	161.05	162.60
All-share (650)	167.79	166.58	154.23	156.59
20-year Govt	51.43	50.57	46.44	45.66
Fixed Debs	50.86	49.46	46.35	45.96
	High		Low	
Industrial Ord.	414.4 (4th)		391.9 (20th)	
All-Share	172.02 (2nd)		162.97 (20th)	

† Corrected.

HOUSING REJECTED

Mr. Crosland, the Environment Secretary, has rejected a plan by Broxtowe District Council, Notts, to develop 70 acres of green belt land at Toton for housing.

SOCCER — BY TREVOR

Valuable passport to Europe

MANCHESTER CITY beat Newcastle United by 2 goals to 1 to win the League Cup and a valuable passport to Europe in a lively, entertaining final at Wembley, which contained too many forced, and unforced, errors to be rated a classic.

There was no doubt that, on the day, City were the better side. They were noticeably tighter at the back, used the width of the pitch more efficiently and could well have increased their lead further in a second half they largely dominated.

United, who had been seriously hampered in their preparations by 'flu and injuries, understandably lost much of steam by midway through the final session, but they never ran out of courage, and this twice almost enabled them to snatch an equaliser in the closing stages.

Newcastle started brightly. Their two lead forwards, Macdonald and Gowling, received *both service and support from* a skilful midfield quarter, in which Craig was the chief motivator.

In these early exchanges, they created many moments of panic in the opposing defence.

But it was Manchester, much against the run of play, who took the lead, when their promising young winger, Barnes, was on hand to do the necessary from close in, after Doyle had headed a well-flighted free kick across the goalmouth.

This totally unexpected bonus allowed the flustered Manchester side to settle down and provide flashes of that free-flowing style which is their most attractive feature. But they could not prevent a splendid equaliser completed by Gowling from a Macdonald ground cross following a fine move.

Tueart was now beginning to make his presence felt on the right flank, and might have scored twice, once with a comparatively easy head from a perfect centre by the overlapping left fullback.

Abrasive

Immediately after the interval, the sharp, clever and frequently abrasive Tueart almost laid on a goal and seconds later scored with a spectacular overhead kick after the tall, gangling Booth had won a high ball and headed it back into the area. This looked, at the time, as if it would be decisive, and so it proved.

The Tynesiders tried hard to come back into the game, but most of their early rhythm had departed and with Doyle effectively shackling Macdo... chester were, from ... more dangerous an... co-ordinated, where... and Tueart were ... prominent.

In an effort to ... have t... Newcastle pushed Burn... and nobody covered mo... than Craig, which ... accounted for so mar... normally immaculat... going astray.

Perhaps the bigges... between the two team... Manchester were abl... greater use of their c... attacking roles, wh... opposite numbers h... time cut out tryi... attacks mounted on a ...

In addition, Keeley ... in trouble against ... thrustful centre for... He may not be a ... indeed a well-co-ordi... but he largely comp... these deficiencies ... enthusiasm, courage ... less effort.

Not the least satis... of this occasion w... haviour of the New... porters. Not only was ... encouragement treme... the way they acce... defeat was outstandi... they, unlike some, ... their football.

Concerto for whistle and cro

BY KEVIN RAFFERTY

SHEFFIELD UNITED, at the very bottom of the first division, drew on Saturday with Queen's Park Rangers, joint top. There were no goals and not much good football. It was difficult to see the length of the division and 30 points between the teams.

Some day perhaps (perhaps to amuse bored soccer fans) someone will devise a concerto for whistle and roaring crowd, preferably with glory parts for a couple of bawling solo stentorian voices. If anyone does, I should expect Mr. K. W. Ridden, Saturday's referee at Sheffield to be the first to blow up to show off his whistle power. And he could hardly do wose than with a bit of practice and working to a proper score. It was that short of game.

Mr. Ridden blew the game to a halt 43 times for fouls (22 commited by Queen's Park Rangers, 21 by Sheffield) for any thing from tripping, and climbing on an opponent's back, to humdrum pushing and shoving. He blew six times for offside.

He expended his huff and his puff furiously several times when a player tried to snatch a couple of yards taking a throw-in or *free-kick*. But he completely missed the clogging of Bowles when that Queen's Park Ranger player was yards from the ball. And when McLintock deliberately backed into Sheffield centre-forward Guthrie, Mr. Ridden did not award a penalty, but a free kick to QPR. That was one of the more delicious moments, because it gave rise to a three-minute resounding boo with little crescendoes each time a QPR player had the ball—concerto writers should not forget the power of self-righteous indignation.

Soloist

Star performer of the afternoon was the QPR soloist fan in the old stand. (Anyone writing music should give a thought to using football grounds; the half-empty terraces allow a marvellously reverberating echo.) He spent a lot of time yelling "Cummon the Rs" in the modern mindless way, but Yorkshire humour is too gentle yet too rough to reprint the response that that got. But he also had nicer turns of phrase.

Thus Sheffield's captain, Currie, got "You are one of our throw-outs, Currie; I would not give two bob for the geezer." (Sheffield want more than *£300,000 for Currie's transfer and* years ago the player was rejected by QPR.) Such a remark was only inspired by jealously, as Currie was almost ... player on the field ... imagination.

He held Sheffield to... showed how the York... have got to their pres... They have some goo... Woodward is an excell... with a beautiful sleig... and McGeady and Gu... talent and enthusia... Sheffield are behaving ... drunk boxers and wal... into trouble. Cu... Sheffield's—trouble is t... not be everywhere at ... their confidence.

When Bowles was i... QPR fan shouted "C... superstar." That wa... Queen's Park Rangers' ... Bowles was nicely s... of the game by Fiel... was not always d... There was no one ... gether the obvious ta... side. McLintock was ... cleaning up at the ba...

Thomas had several ... and centres judged to ... that they would not ... turbed the parting o... generation of cen... capable of heading g... QPR's finishing was ...

The QPR supporte... Sheffield: "Second div... bish; we are the cham... least he had some wit.

RUGBY — BY PETER ROB

Memorial ground requiem

THE MEMORIAL ground at Bristol was the most appropriate venue for Gloucestershire's semi-final against Lancashire as the rugby was so numbingly mediocre and out of time.

It was more a requiem for county and English rugby and with its sheer ineptitude was a ghastly commentary on national standards.

Was it that the players were too anxious, too drilled, over-played or just humanly frail? Perhaps a combination of all, producing handling and tactical *error in abundance*. Gloucestershire eventually won 15-7 and now meet Middlesex in the final.

Lancashire looked likely to win early on after Gullick had equalised Butler's first penalty for Gloucestershire. A good try by Briers put them past Butler's second penalty with Gullick missing the easy conversion, then getting worse with his place kicking.

Why Neary did not change to Slemen or Aitchison is a mystery. Lancashire could have had a dozen more points before the interval. Butler's third penalty gave Gloucestershire the lead with 15 minutes to go, at which point the game regained consciousness.

Finally Gloucestershire scored a splendid try after Watkins, Rafter and C. J. Williams had taken play into the Lancashire 25. An abortive defensive kick was quickly and cleverly used by the home side and Morley scored in the corner with Butler converting.

Lancashire mounted a great assault on the Gloucestershire pack, but Pullin, in magnificent form, cleaned up the tight head 6—2 with the help of some good co-operation from Burton.

Yet Lancashire's control at the scrum was erratic, as was Gloucestershire's. So both scrum halfs had difficult afternoons, which in Lancashire's case was more of a handicap.

Waring was rather indecisive and Aitchison at fly half could not pass quickly or smoothly enough, which was a shame, because Bond looked full of ideas and Slemen's tricky running round Morley has surely eliminated the Gloucestershire *player from the England team*.

Lancashire's other fault was that they gave away far too many penalties and against Butler this proved eventually to be *fateful*. So the efforts of Trickey and Neary went unrewarded.

Neary, troubled by an achilles tendon, appears to wear the captain's crown with obvious suffering.

Gloucestershire badly missed Fidler and Nelmes bu... Watkins in dashing f... even his enthusiasm ... guise the patent lack ... between the back ... Kingston.

Burton gave Blackh... time, but Glouc... famous pack for on... function as a c... Individuals would ... things but not until th... minutes was there ... fusion.

Kingston kicked we... second half but it was ... bulky though agile fly-... Williams to get Glouce... real trouble.

He showed more in... attack than any other ... back and was nearly over ... first half when in fact a ... pass to the left would hav... duced a try.

Bayliss, the captain, p... largely defensive role a... mered anything in his ... range. His kamikaze ... also ironically produced t... from which Butler kic... third penalty.

Gloucestershire will ... improve considerably if ... to beat Middlesex in t... on March 27 next. All ... hope is that whoever ... game will not be as yawn... as this one.

RACING — BY DOMINIC WIG

Brilliant Petingo dies at stud

THAT BRILLIANT and popular miler, Petingo, who retired to stud in 1969, has died of a heart attack at the Simmonstown stud in Ireland.

Petingo, who had the misfortune to run up against Sir Ivor in the 1968 2,000 Guineas—possibly *the most competitive running of* that classic since the war—had made a highly encouraging start to his stud career.

With only four crops of runners he had sired the winners of about £1.25m., including English Prince, Satingo, Pitcairn, Pitskelly, Miss Petard, and Splashing.

In 1974 Petingo, a handsome bay son of that great sire, Petition, was the leading British-based sire.

The loss of Petingo, who seemed likely to develop into a particularly successful sire of brood mares (as was Petition) is a sad blow to European breeders.

The property of a syndicate, Petingo, a 7,800 guineas yearling purchased by Captain Marcos Lemos, was worth about £750,000.

That smart four-year-old, Soldier Rose, who justified Captain Ryan Price's unshakeable confidence in him with a comfortably gained success in Saturday's Yellow Pages Hurdle, is now a 7—1 chance for the Daily Express Triumph Hurdle later this month.

Always travelling well in the lead, Soldier Rose was not hard pressed to hold off the Northern challenger, Peterhof.

Although he will meet Soldier Rose *on 4 lb better terms in the* Daily Express Triumph Hurdle, Peterhof, the two-and-a-half lengths runner-up, is available at a point longer than his Findon rival.

Half an hour before Soldier Rose's victory, the North had a triumph when Canadius proved too fast for Pengrail, What a Buck and April Seventh in the Yellow Pages Chase.

Canadius, who made several errors, including a serious one at the open ditch in the early stages, took up the runnin... What a Buck between th... two fences and surged for... a clear-cut success.

Provided he learns to ... more fluently, there see... reason why the seven-... Canadius should not go ... *the top as a three-mile* ...

He is a powerful ind... who is still making ... average improvement, a... owner, Mr. Pat Muldoo... also has Sea Pigeon) mu... have hopes of him ga... 1977 Cheltenham Gold C... tory.

To-day, by far the ... interesting event is Fo... National Spirit Trophy (2... which John Burke deput... the injured Ken Wh... *Comedy of Errors*.

The champion hurdle... has obliged on only one ... six appearances this seas... well to run Birds Nest, t... he was trying to conced... to two-and-a-half leng... Wolverhampton a fortnig... and I cannot see him ... against to-day's lesser riv...

At Doncaster, Eric C... consistent five-year-old, Da... seems likely to underlin... Schweppes form with a s... in the Princess Royal H... (3.00), in which he is a... the bottom weights with ...

DONCASTER
2.00—Le Gaulois
2.30—Action
3.00—Dawlish**
3.30—Pine Lodge
4.00—Bear's Paw
4.30—Drum Major

FONTWELL
1.45—Charlie Battle
2.15—Romney Jack
2.45—Comedy of Errors***
3.15—Bramtridge Farmer**

TV/Radio

BBC 1

† Indicates programme in black and white.

7.05 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Rubovia. 2.01 For Schools, Colleges. 3.20 Under Bow Bells. 3.58 Regional News (except London). 4.00 Play School. 4.25 Roobarb. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.20 Jumbo Spencer. 5.40 Captain Pugwash.

5.45 News.
6.00 Nationwide.
6.55 Ask The Family.
7.20 Z Cars.
8.10 Panorama: Solzhenitsyn in Exile.
9.00 News.
9.25 The Monday Film: "Hello—Goodbye," starring Michael Crawford.
11.05 To-night.
11.40 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 9.25-10.40 Welsh Not: The decline of the Welsh language. 10.40-11.05 Look Stranger. 11.40 News for Wales.

Scotland—11.00-11.20 a.m. For Schools: Around Scotland. 6.00-6.55 p.m. Reporting Scotland. 11.05-11.40 Public Account. 11.40 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.25 Scene Around Six. 6.25-6.55 Land 'n' Larder. 11.40 Northern Ireland News Headlines.

England—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
3.30 p.m. The Caterers.
4.00 State of Play—Pre-School Education Now.
5.00 Open University.
†7.05 Film As Evidence.
7.30 Newsday.
8.10 The Waltons.
9.00 "Our Mutual Friend," by Charles Dickens.
9.50 Horizon.
10.40 How Green Was My Father?
11.30 Newsnight.
11.45 Closedown: Peter Jeffrey reads "The Burial of Sir John Moore after Corunna" by Charles Wolfe.

LONDON

9.30 a.m. Schools Programmes. 12.00 Issi Noho. 12.10 p.m. Rainbow. 12.30 Kitchen Garden. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 "Class Of 63," starring Joan Hackett. 3.55 General Hospital. 4.25 Clapperboard. 4.50 Rogue's Rock. 5.20 Batman.

5.50 News From ITN.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 Coronation Street.
8.00 World In Action: The Republic of Rhodesia.
9.00 Police Story.
10.00 News.
10.30 Looks Familiar.
11.00 Take Two.
12.00 Problems.

All ITV regions as London except at the following times:

ANGLIA

12.30 p.m. The Way We Live. 1.25 Anglia News. 2.00 Houseparty. †2.30 Monday Afternoon Film: "Park Room Boy" starring Arthur Askey and Moore Marriott. 4.25 The Romper Room. 5.20 Indoor League Championship of Champions. 6.00 About Anglia. 9.00 Police Woman. †10.30 Monday Late Film: "Intent to Kill" starring Richard Todd. 12.10 a.m. Anthology.

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible] Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.01-6.22 Y Dydd. 8.30-9.30 The Protectors. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

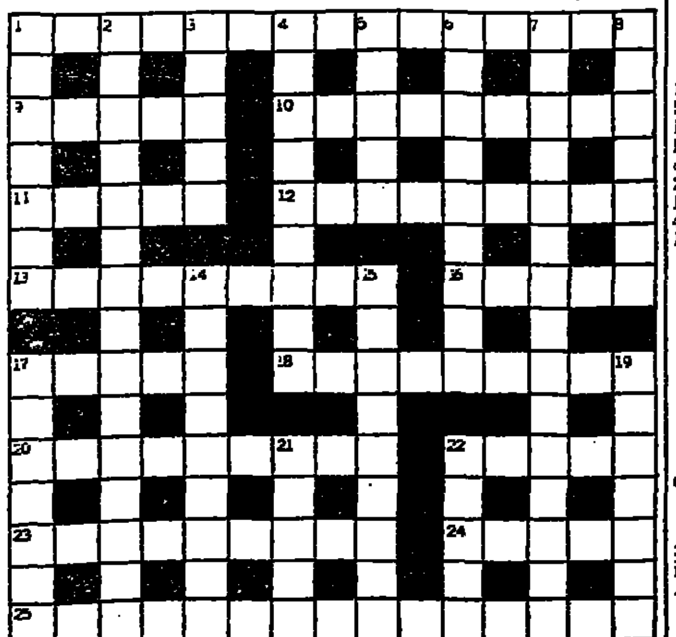
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,018



ACROSS

1 Pictures dramatic performances (15)
9 Gauge assembled before Her Majesty (5)
10 Got in touch and established a connection with (9)
11 Ordinary people lay it inside (5)
12 Concise in the Spartan fashion (9)
13 Inflexibility—a strict point (9)
16 The French need outside help, being indisposed (5)
17 Something prickly with ornamentation concealing it (5)
18 Wayfarer who could be representative (9)
20 Demoted or referred to others for action (9)
22 Caught taking a breather but hung on (5)
23 Deeply infixed inveterate (9)
24 Cold caught going to bank (5)
25 Identical—at the butcher's? (2, 3, 4, 6)

DOWN

1 Walker or climber (7)
2 Scaring away—when taking off? (7, 2, 6)
3 Nearly losing pole before time (5)
4 Be superior and fast—that's very good (9)
5 A keynote—from the doctor? (5)
6 School meals or the cost of travel (5, 4)
7 Proof that seeing isn't believing, e.g. a mirage (7, 8)
8 Encumbered but prepared for a ride (7)
14 Blacken broken end on one grate (9)
15 What plants do when there's no work—didn't sale need changing? (5, 4)
17 Fish that may give one a shock, in two senses (7)
19 Royally rally round for example (7)
21 Island putting weight on state (5)
22 Prickly things in civic actions (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Aida by ANDREW PORTER

...tropolitan Opera's new ...f *Aida* rests on curious ... In a preliminary in- ...John Dexter, its pro- ...ted rhetorically: "What ...is a triumphal scene? ...hing barbaric. A lot of ...ied in that battle. Is ...thing to rejoice over?" ...h the answer is: Yes, if ...ven to be a victorious ... singing the music ...rote.) James Levine, ...uctor, said: "We want ...that the Ethiopians are ...d the Egyptians are ...ritualised." And so the ...s, cased in heavy, hot- ...brocaded costumes, ...eir time posed in old ...attitudes, moving from ...ude to the next generally ...st beat of a bar. "Under ...eading chestnut-tree" ... The opening chorus of ...odo uses the same con-

...t one of the seven scenes ...ndoors, in a chamber of ...walls. But the floor of ...m is a Bayreuth saucer ...arrow outer track, round ...nd which the triumph ...ons must warily pick ...y. The triumph is held ...t. Contrasts—between ...re and blare of the ...and the flickering moon- ...nce of the Nile scene, ...y between the glittering ...above and the darkness ...mès's dungeon — are ...ed.

...theless, with a new light- ...t and later casts who ...be bothered to learn the ...-drill routines (Caballé ...Molnar-Talajic are due ... the production should ...fairly serviceable. David ... set and Peter J. Hall's ...s are handsome enough ... way. The first cast was ...ed from expressing much ... producer's requirement ...ey should stand and move ...ppets and by the conduc- ...nflexible, though enthu- ... approach to the score. ... Horne is the first ...is of my experience who ...almost no effect with the ...ent scene. Leontyne Price ... longer the spontaneous, ...ngly vulnerable Aida who ...ted us at Covent Garden ... 20 years ago. Her inter- ...ion now has a carefully ...d, monumental quality. ...was in good voice for the ...numbers; the C of the aria ...he B-flat of the duet with ...nès were both beautiful ... James McCracken was a ...ight but not unpoetic hero. ...ice—here, and as José in *Carmen*—has become more ductile. It was presumably Mr. Dexter's intention that he should portray Radamès as a booby, a semaphoring boy scout. Cornell MacNeil's Amonasro was magnificent; he has developed into the *grandest Verdi baritone of our* day, big, powerful, and passionate.

If Mr. Dexter cannot bring himself to produce the opera that Verdi wrote, he should let *Aida* alone; Zimmermann's *Die Soldaten* or Dessau's *Lukullus* would suit his didactic purposes better.

Leontyne Price

The other new Met production, *Il trittico*—a new *Tabarro* and *Suor Angelica* added to the existing *Schicchi*—also suffers, in one of its panels, from lack of confidence in the work as its creator conceived it. *Il trittico* had its premiere at the Met, in 1918; it *was revived the next season*, and then dismembered. *Suor Angelica* disappeared; *Il Tabarro* had *a single revival in 1945-46; Gianni Schicchi* lived on as a curtain-raiser to *Pagliacci*, *Salome*, *Elektra*, etc.

The point about *Il Tabarro* and *Angelica*, I believe, is that, in addition to their dramatic content, they should captivate us as "pictures" for the eye and the ear. Puccini's scores are filled with small, fine passages of instrumental "painting." Under Sixten Ehrling, the orchestral playing was efficient but not *delicate or beautiful* enough. Fabrizio Melano's production of and David Reppa's set for *Il Tabarro were on the right lines*, but not polished in detail. Their *Angelica* was on the wrong lines. *Suor Angelica* had a bad Press in New York from the first; as if afraid to commit themselves to the opera, the new team sought to strip it of all sentimentality and prettiness. There was no delightful garden in the cloister. There was no bubbling spring to catch the golden rays of the evening sun. Angelica did not *build a little fire to brew her* poison over; she heated it at a sort of outdoor range, shaking in dried herbs reached down from the kitchen shelf. The set resembled a women's prison in the desert. And at the end there was no miracle—no Virgin no golden-headed little boy. But if *Suor Angelica* is not played as *a sweetly and richly sentimental* piece, it loses all its character.

Gianni Schicchi was a low romp; at the end, the medieval walls flew up and Brunelleschi's dome, still a century and a half in the future, was revealed. In the first cast only Cornell MacNeil, as Michele and then Schicchi, sang with distinction, *though Teresa Kubiak and Gilda* Cruz-Romo made a passable Giorgetta and Angelica. Evelyn Mandac, in her Met début, as Lauretta, was attractive, but a shade small for the big house. Later, Renata Scotto undertook all three heroines. (Their characters are very different, but the combined vocal demands *hardly exceed those on a Butterfly* or a Manon Lescaut.) Her Giorgetta and her Angelica, both the first of her career, were assured interpretations, though mannered in their execution, as Miss Scotto's portrayals usually are.

Intended by nature to be a lyric soprano, and a delicious little butterball, she has invented a grand manner of her own and built up her voice to match. *I regret it, for she has* acquired force at the expense of sweetness, but at the same time admire her thorough command, vocal and dramatic, of the spinto roles she essays. Nevertheless, it was as young Lauretta, and in a bewitching account of "O mio babbino caro," that she won our hearts.

Reading University Opera

Russlan and Ludmila

by RONALD CRICHTON

"Glinka," wrote Constant *Lambert*, "*is one of those convenient historic figures*, like Sir Walter Raleigh, to whom almost *all discoveries can be ascribed.*" I have longed to see his second opera, *Russlan and Ludmila*, ever since I read about it when Lambert's *Music Ho!* first appeared, and am grateful to Reading University Opera for this belated opportunity of doing so (a few years ago they produced *Glinka's earlier opera, A Life for the Tsar*). Lambert made it clear that *Russlan* was *not only an historic monument* but a score bursting with colour and life (normally all we hear of it is the overture, whose concision bars it from giving more than a glimpse of the opera's riches). Chaikovsky was quoted in the Reading programme as noting in his diary "for a long time Russian composers will draw *from this rich source, for* it will need . . . much strength to exhaust all its wealth." He was right: One figure in Ludmila's scene in Act IV turns up a whole century later in Stravinsky's *Rake's Progress*.

As a stage work *Russlan* is a muddle to end Russian operatic muddles. It was based, like so much else, on Pushkin, with whom Glinka had brief acquaintance, but who was killed before he could *suggest improvements* to the story, as he apparently promised to do. The libretto subsequently went through *four* different hands, Glinka himself taking a turn. Not to be outdone, Reading added four English translators. In essence, *Russlan* is a quest opera. Ludmilla, daughter of the Grand Duke of Kiev, is spirited away from her betrothal feast by an evil magician. Her father promises her hand to whichever of her suitors (including Russlan, up to now the favourite) can find *her and bring her safely back.* There ensues a series of disconnected adventures through which Russlan is followed by his *rivals* Ratmir and Farlaf, Ratmir being dogged in turn by his adoring neglected Gorislava.

In a sense the incoherence of the result may have been one *of the reasons for the musical* abundance — Glinka seems to have used the ramshackle framework *as a receptacle for what was* in his head at the moment and his head during those years was full of good things. *Russlan* is a mime of ravishing melody, brilliant instrumental colour and audacious harmony, which enchanted among others Berlioz and Liszt (who made a piano version of Chernomor's March). It is not an opera for prigs or snobs, it cannot teach a political lesson or make anyone morally *better, though very rewarding to* sing it is unlikely to attract the top stars, it is merely an exotic and irrational entertainment, but one capable of giving any amount of musical pleasure. How could Scottish Opera have *preferred the old-maidish charms of The Golden Cockerel* (one of *Russlan's* less vigorous descendants)? But the company indicated is surely the ENO—they have the conductors, the singers and the big stage for the fantastic spectacle.

The Entertainment Guide is on Page 10

The Reading producer, John Stow (no designer was named), *covered the stage with silver foil*, giving quite a good idea of fairy tale unreality. The singing, both from young professional soloists and student chorus, was remarkably good. Ian Caddy sang Russlan with beautifully even line—he is one of the most accomplished young baritones we have. Ludmila is an un*grateful part (absent during two* whole acts and in a magic trance for most of the remainder) but *what music she has is both* charming and brilliant. Iris dell'Acqua sang expressively and touched *in* the elaborate *decorations* with skill (Glinka was a singer himself and knew the styles of Bellini and Donizetti at first hand). Suzanne Green made an effect with Gorislava's aria. One of the many pages of this score that have a Bizetian certainty and delicacy of touch. Roy Hewlett as the Finn, the good magician, has a slightly nasal quality for the lack of which most English *tenors are ineffective in Russian* music. Charles Kerry as Farlaf, one of Ludmila's suitors, brought *plenty of spirit to a role con*ceived for a heavier buffo voice.

Some of the best things fall to Ratmir, a breeches role taken by Annette Thompson, a musical singer who kept her head and her pitch during some vagrant *orchestral playing*. Ratmir has a big scene in Act 3 during which a Slavonic-type lament with cor anglais solo (Glinka's use of instrumental obbligato strikingly anticipates the Chaikovsky of the ballets) turns into an incongruous but delightful, Offenbachian *tempo di valse*. The chorus has plenty to do including simple *but invariably effective unison* writing like the "Persian" scene which left a deep mark on Borodin and Mussorgsky, even on the *Ariane* of Dukas. The conductor, Tim Dean, possibly had less time to prepare the orchestra than the singers. Some things like the overture, the march and the extraordinary *Lezghinka, went with a will.* There were other places in Friday's performance which suggested that flu had compelled wholesale recourse to the deputy system. Gratitude nonetheless, not least for allowing us to hear so much of the score—one ballet sequence was omitted, one exciting first act chorus trun*cated in favour of a rather dull* trio.

Watch It Stay Up

by B. A. YOUNG

For their final performance at the Old Vic, the National chose to repeat *Tribute to the Lady*, Val May's documentary about Lilian Baylis. They thus neatly combined a celebration of their own impending move across the Rainbow Bridge into the South Bank Valhalla with a plea for *the continued prosperity of the* house in which they have built up their reputation in the past 13 years.

The future of the theatre is still uncertain. (It was dealt with in more detail on this page on December 13 last year.) But with impulsive loyalty Equity has launched an appeal for an Equity Old Vic Fund, capaigning under the challenge "The Old Vic must reopen this autumn."

The loyalty of Saturday's audience was indubitable. So was that of the company, from which *Laurence Olivier was unhappily* absent owing to his recent illness. (A tape of his voice—Henry V at Harfleur, what else? — aroused proper applause.) Albert Finney took Olivier's *place as narrator*; Peggy Ashcroft played Lilian Baylis; Susan Fleetwood played Sybil Thorndyke, who was in front to hear her; Denis Quilley, Angela Lansbury, Robert Eddison, Anna Carteret, Daniel Thorndike, Frank Finlay, Polly Adams, Gawn Grainger filled up the canvas. John Gielgud spoke "*O what a rogue and peasant* slave am I" superbly, and as the proceedings came towards their end, "Fear *no more the* heat o' the sun" with a magic to bring tears to the eyes. Ralph Richardson embroidered a rendering of Enorbarbus's description of Cleopatra in her barge with an impromptu cabaret act.

The evening was a triumph of powerfully sentimental nostalgia. *We shall not look upon its like* again.

Association for Business Sponsorship of the Arts

The formation has been announced of the Association for Business Sponsorship of the Arts. Membership is open to industrial and commercial organisations who already sponsor the arts or who wish to consider doing so.

The objectives of the Association are to encourage the use of the arts as a means of sponsorship in the U.K by business organisations, and to widen public understanding and acceptance of the extent of and reasons for business sponsorship of the arts. In pursuing these *objectives, the Association will* not be a grant-giving body. Member companies will continue to be free to decide upon their own sponsorship activities.

An advisory council, chaired by Lord Goodman, was formed *some five months ago: it consists* of leading representatives from the world of the arts and of business. It has twice met with Mr. Hugh Jenkins, MP, Minister for the Arts, and it is hoped that the Government may assist the Association by the provision of launching aid to enable it to develop its activities more quickly.

Further details may be had from the Association for Business *Sponsorship of the Arts*, 1, Grosvenor Place, London SW1X 7HB.

Southwark Cathedral

Graubart by PAUL GRIFFITHS

Using the voices, winds and percussion assembled for Bruckner's Mass in E minor and Berlioz's *Symphonie funèbre et triomphale*, Michael Graubart contributed a new work for last Thursday's concert by musicians from Morley College. The piece was *Untergang*, a 10-minute cantata on four poems of Georg Trakl. Since Trakl's death in 1914 several composers have responded to his striking image *of still moonlit suspense and* bloody catastrophe ("blues" and "reds" one might call them, *borrowing the poet's own colour* symbolism). During recent years we have had "red" Trakl in Peter Maxwell Davies's *Revelation and Fall* and "blue" Trakl in Heinz Holliger's *Siebengesang*, but the most complete interpretations remain those seven tearing and exquisite songs of Webern.

Graubart goes back to Webern in his own composition, particularly to the six Trakl songs of op. 14. Shreds of the earlier work sometimes seem woven into his clarinet lines, and into his writing for the solo voice. There were even moments when his baritone soloist gave a direct echo of Webern's soprano, as in *the quick curl at "Frühlingsgewitter ertönt."* These words come from one of the three poems Graubart takes up from Webern's op. 14: so most of his text has been set in what is perhaps Webern's greatest song cycle. Under such circumstances allusions may be forced upon a composer, but the comparison is *not one to invoke lightly.*

The trouble is that Graubart's music invites such unflattering *comparison constantly.* Not only are there odd references to Webern's Trakl songs, the whole style almost begins and ends with Webern and his teacher Schoenberg, whose influences Graubart admits in his programme note. *Untergang* might be taken as some sort of hybrid between Schoenbergian rhetoric (*Moses und Aron and A Survivor from Warsaw* came strongly to mind at different points) and the delicate sympathy with nature found in Webern's cantatas. One complains about patent influence *because it so corrodes the* original expressive qualities of a work, but I have to admit that I liked *Untergang* precisely for its reminiscences of greater music.

However, Graubart does diverge from his models in two important respects. Firstly, his word setting is generally more obviously illustrative, though still deft. It was a nice touch, for example, to underline "*Mitternacht*" *with the simple* closure of an octave, and one handled with none of Penderecki's grossness in comparable music. Secondly, Graubart attempts an intricate formal relation of the three *Abendland* poems of his second part to the three stanzas of the opening *Untergang*. Some aspects of this emerged in the performance, but another hearing might enable one to sort out the details of this nervously wavering piece more fully. And a second performance, in a less reverberant building, might also allow more *attention to be paid to the cool*, clear colours of Graubart's wind orchestra.

...seum

The Twilight of the Gods

by MAX LOPPERT

...rday's *Twilight of the* ...under the sure, powerful, ...itensely eloquent guidance ...rles Mackerras, brought to ...n the third and final of the ... English-language *Ring* ...—an achievement not less ...glorified in just because we ...getting used to it. The ...asis on Saturday was in fact ...mpany achievement, on the ... ability to provide a ...able "alternative" cast, ...ut stars and also without ...le discomfort or fall in ...ards. Only one performance ... increasingly authoritative, ...lly scaled Waltraute of ...beth Connell, sung in tones ...roic beauty and rich, even ...ing—could be judged by the ...est ENO standards; yet the ...ing was still rich in musical ...dramatic illuminations (also, ...in passing irritations at the ...equacies of sets, costumes ...lighting).

...atie Clarke, undertaking her ...*Götterdämmerung* Brünn... ...e, was suffering from flu, ...audible effect on the lower ...hes of her voice only ...eased admiration for the clarity and the effortless natural strength of the higher—from first to last there was an abundance of top *notes gleaming with* brilliance, cutting through the orchestra, the kind one hopes every Wagner soprano will produce and missed in several presently more eminent than Miss Clarke. Few debutants have revealed greater natural aptitude for a role—or smaller initial comprehension of its dramatic dimensions. Eyes glued to the conductor, movements constrained to the minimum (apart from some welcome outbursts of physical vehemence in the second act), full concentration *was given to getting round the* notes. An understandable preoccupation—but little was communicated of opera's most glorious heroine. One was torn in reaction between excitement at Miss Clarke's promise for the future, and surprise that between them the producers and Mr. Mackerras had not instilled in her a greater confidence in that promise.

Alongside Miss Connell, who was also second in a fine trio of Norns, *the only other singer* to cleave vocal suitability to dramatic perception was Norman Welsby, in an imaginative, darkly sung account of a neurotic Gunther with hollow eyes (he should take the hand-wringings no further). Noel Mangin's Hagen alternated between good black menace, of tone and stance, and passages when the notes seemed to be filled with air—perhaps Mr. *Mangin's habit of inserting* "uh" between syllables, as in "Sieg-uh-mund and-uh Sieg-uh-lind-uh," had something to do with it. The dramatic deftness of Ava June's soft, sympathetic Gutrune and of Jon Weaving's Siegfried with its engaging L'il Abner touches, was not always strict compensation for infirm vocalisation—late in the day, narrating his tale with vivid charm, Mr. Weaving suddenly *began to deliver phrases of* altogether fuller, less fluttery sort. Wonderful horns, led by Alan Civil, in Siegfried's Journey and Funeral March, and, a single fluff apart, at the start of Act 3. The prompt was clearly helpful, not only to Miss Clarke.

...oyal Academy of Music

Suor Angelica and Die Kluge

Operatic double-bills—with ...e exception of *Cav* and *Pag*— ...e apt to be unpopular at the ...x-office, so it is a positive duty ...r our music colleges and other ...udent establishments to give ...n occasional airing to some of ...he many interesting shorter ...orks on the fringes of the ...*opular repertory.* It is also of ...ractical value to them, provid- ...ng roles for twice the number ...f students. Last week the Royal ...cademy of Music gave four ...erformances of just such a ...seful and enterprising double- ...ill, pairing Puccini's *Suor ...ngelica* (sung in Italian) with ...rff's *Die Kluge* (sung in Eng- ...sh translation).

Suor Angelica is less fre- ...uently heard than the other ...rittico operas—Covent Garden ...vill mount *Il tabarro* and *Gianni ...chicchi* without it this spring— ...specially in Anglo-Saxon coun- ...ries, where the sickly sweetness ...f the final scene is usually ...ound unacceptable. Dennis ...Maunder's production at the ...RAM gets round this prejudice ...by *omitting the vision entirely.* ...Expiring at the feet of a golden ...statue of the Madonna, Angelica ...sees her child with *the forgiving* ...figure of the Virgin, and hears ...the voices of the angels in her ...fevered imagination; the music ...is quite explicit enough to evoke ...a similar picture in the listener's ...own mind.

The Academy is fortunate in being able to double-cast the ...wo main roles. On Friday ...Angelica was sung by Christine ...Taylor, whose pure, well- ...focused tones can fill out ...Puccini's soaring phrases very ...agreeably. She brings deep feel- ...ing to "Senza mamma" without ...over-sentimentalising its already ...mawkish emotion. As the ...Princess, Nicola Lamerter dis- ...plays a contralto voice of ...astonishing maturity for a student, as well as a strong stage presence, so that the confrontation between Angelica and her aunt makes its proper dramatic impact. Sara Mousley is a delightful, fresh-voiced Sister Genovieffa, and Jane Wynn-Owen makes a dignified Abbess. Among the chorus of nuns the *programme lists* several masculine names: are these male altos, or perhaps Count Ory's companions in disguise?

The Academy offers offers *Die Kluge* as a tribute to the composer's 80th birthday. Orff's 38-year-old adaptation of the Grimm tale about the King and the Wise Woman was given its first British performance by the New Opera Company at Sadler's Wells in 1959. I enjoyed it then, and I enjoyed it still more now. Anthony Jones's ingenious convent set for *Suor Angelica* converts into a multi-level acting area that allows the six scenes of *Die Kluge* to succeed one another without pause, while Mr. Maunder's production, equally swift in its timing, gives the comic business for the three Tramps both mordancy and humour. Orff's pounding rhythms are *an astringent contrast* to Puccini's more saccharine harmonies and Nicholas Braithwaite, who draws ideally warm, velvety tone from the strings of the orchestra in *Suor Angelica*, conducts *Die Kluge* with a baton like a whip-lash in its precision.

Beryl Korman sings with great charm and accuracy as the Peasant's Daughter, the clever girl of the title, and David Wilson Johnson copes firmly with the high-ranging baritone role of the King. The other characters are all well taken; special mention *should be made* of Derek Barnes as the Man with the Donkey, Mark Wildman as the Jailer and Peter Crowe as the First Tramp. Gerhard Lenssen's new translation catches the earthy quality of the original text and does not seek to refine its bawdiness.

ELIZABETH FORBES

Festival Hall

Bruch & Bruckner

The Bruch violin concerto given on Thursday by Itzhak Perl*man and the New Philharmonia* Orchestra under Jesus Lopez-Cobos was not the G minor warhorse, *but its later, much less* often played D minor sibling. Written for Sarasate, and full *of plumply soaring forays high* above the stave of the kind the Spanish virtuoso apparently *doted on, the concerto is not* full of anything else, except a certain note of cloying sweetness struck with indomitable insistence throughout.

In the first movement Mr. *Perlman was inclined* to press passionately on the phrasing to the point where even his superbly solid core of violin tone went into a slight vibrato cloud; after that he was in his element, romantic, bold, delicate by turns—for such a piece of musical exhumation his artistry is the strongest, indeed the only, defence. For one who relishes nothing more than rare opera revivals, it was doubtless prim and prudish, and inconsistent too, to be struck with a sense of outrage that all Mr. Perlman's *sovereign efforts* were being exercised on such trivia, and not directed towards the many worthy present-day violin concertos that so crave first-rate sponsorship. By Goehr; or Don Banks; or Ian Hamilton; or Lennox Berkeley; or William Bergsma; or . . . But we know the orchestra's answer to that *one already.*

The young Spanish conductor, who was stepping with commendable authority and commitment into the place of the indisposed Lorin Maazel, drew a bright, purposeful accompaniment from the orchestra. After the interval Bruckner's Seventh Symphony was like *Middlemarch* after a True Romance comic. Again, the colourful, big-toned, athletic orchestral playing could be admired — Mr. Cobos has the knack of accommodating full bass sonorities within a well-balanced orchestral texture, not leaving them to fend for themselves. There was much that was *stirring about the performance*, but in a strangely unidiomatic way. Most unidiomatic was the *reading of Bruckner's noble* Adagio, finest of all his slow movements, as an impassioned outburst of (at climaxes) timpani and grinding brass, and of hectically charged and throbbing string phrases elsewhere. The energy of the Scherzo was un-Brucknerian in its urgency: never there, or indeed in the course of the symphony, did the music appear to *unfold*, as in all great performances it *does. But it was an interesting*, if uncomfortable, Bruckner Seventh, by an estimable, vital musician.

MAX LOPPERT

HOME NEWS

Shipbuilding, aircraft cuts predicted by Heseltine

BY RICHARD EVANS, LOBBY CORRESPONDENT

The Government might be planning to reduce by up to 50 per cent. the operations of the shipbuilding and aircraft industries now being taken into public ownership, according to Mr. Michael Heseltine, Opposition spokesman on industry.

In a letter to Mr. Eric Varley, Industry Secretary, Mr. Heseltine claims there were "preliminary indications" in the Government's Public Expenditure White Paper that total capital spending in both industries in 1979-80, including additions to stock and progress, might be £70m., compared with the industries' current spending of £140.35m.

He challenges Mr. Varley to deny "that the Government now intends to preside over a much more substantial rundown of both industries

Mr. Heseltine admits that Ministers have never denied there would be a slimming down in aerospace and shipbuilding under nationalisation and a consequent loss of jobs—the legislation is in committee stage in the Commons—but in view of the indications in the White Paper he argues that Mr. Varley has an "inescapable obligation" to state what the White Paper figures mean in terms of the future level of operation in, and redundancies from, the two industries.

Ministers had repeatedly claimed there was support for nationalisation on the part of trade unionists directly concerned. "Obviously such expressions of support are valueless if they are made in ignorance of the Government's intentions—an ignorance which the Government had a vested interest in preserving in the hope that the Bill reaches the Statute Book before the truth dawns." Mr. Heseltine writes.

The three specific questions sent to Mr. Varley are:

1. Why the projected levels of expenditure under nationalisation appear so much lower than the current expenditure under private enterprise?

2. A request for a detailed account of the breakdown of the projected figures between the two industries in the Public Expenditure White Paper; and

3. A sub-division of the industry breakdowns into capital expenditure, additions to stock and work in progress on a plant-by-plant or shipyard-by-shipyard basis.

Leyland loss brings down profit average of leading companies

PRE-TAX profits of the 59 companies publishing annual accounts in February reversed the recent rising trend. This was largely because of a substantial loss (£76m.) returned by British Leyland in its last financial year.

There was a fall of 1.9 per cent. in profits over those for the comparable period a year ago. If British Leyland's figure had been excluded, profits would have gone up by 11.4 per cent.

Companies with above-average improvements in profits last month were Grand Metropolitan, (25.6 per cent.), Tate and Lyle (16.2 per cent.), BOC International (37 per cent.) and Imperial Group (45.3 per cent.). Rank Organisation, however, returned pre-tax profits reduced by 15.8 per cent., while English China Clays sustained a fall of 11.3 per cent.

Dividends were unable to maintain the previous month's progress. There was a rise in February of 7.6 per cent. over a year ago, compared with 21.4 per cent. in January.

Recovery sure, but slow

THE INDUSTRIAL recovery, though now clearly established, is likely to be extremely sluggish during 1976, according to two economic forecasts published to-day, writes Anthony Harris.

Dr. David Lomax, of the National Westminster Bank, and Dr. Paul Nield, of stockbrokers Phillips and Drew, reach the same conclusion by two different routes.

Dr. Lomax points out that although the cash drain on industry was slowing rapidly towards the end of last year, the very low level of profits suggested that 1975 would be devoted largely to rebuilding balance sheets: little in the way of capital formation or restocking could be expected before 1977.

Dr. Nield's conclusion rests on a forecast that real consumer incomes are likely to fall further this year—especially during the present quarter. The falling trend set in six months ago.

NEDC meeting will gauge response to Labour strategy

BY ADRIAN HAMILTON

THE PRIME MINISTER will take the chair at Wednesday's National Economic Development Council meeting of unions, employers and Government to discuss the economic outlook and the future of price restraint.

The monthly NEDC meeting will take place immediately after both the CBI and the TUC have published their economic representations, but before next month's Budget and should give the Government a further feeling of the response of industry and unions to its economic strategy.

At this stage, however, it is not expected to produce any dramatic conflict on economic issues. These have been discussed already at individual meetings between the Chancellor and the CBI and TUC.

The CBI will be making a further effort to gain acceptance for a drastic revision and watering down of the price code. But this is not expected to be the main area of discussion on the next phase of the counter-inflation policy.

The main topic to be debated will probably be the prospects for an economic revival and the possibilities of reducing unemployment.

Reflation

Unions have shown increasing concern over the continuing rise in unemployment, but the Treasury remains adamant that reflation now could do more harm than good.

In a paper on the medium-term economic outlook, it again emphasises the difficulties of making any precise forecast of growth and employment. It is also reported to emphasise that reflation on any scale would be harmful for several reasons:

- The balance of payments constraint.
- The time lag between action and results. Reflation at this stage might merely result in overheating the economy when the revival is already well under way.
- On past experience, reflation tends to produce demand which outstrips available domestic capacity, resulting in added imports and further inflation.

Union leaders have shown signs of accepting this broad argument, but they are likely to continue to press for a target in reducing unemployment and early action to bring down the rates.

The CBI generally supports the Government's economic strategy, but, in a discussion paper to be considered at the meeting, it will again urge the ending of price restraints as an obstacle to company profitability, investment and hence jobs.

Arguing that, in present market conditions, total abolition of controls would make less than 1 per cent. difference to prices, it feels that it is already acting as a serious constraint to profitability in individual cases and will do so increasingly as the economic revival gets under way.

As in its Budget representations to the Chancellor, the Confederation accepts that some sort of price supervision may be politically necessary as the means of gaining public acceptance of wage restraint, which it wants to be tightened.

Other papers to be discussed at the meeting include separate documents by the Department of Trade and the CBI on the value of overseas investment to the country's economy and exports.

New views on worker democracy for inquiry

By John Elliott, Management Editor

PROPOSALS for legislation to allow workers' representatives to take up a third of the seats on the Board in a two-tier company structure have been put to the Government's Bullock Inquiry on industrial democracy by the Industrial Participation Association.

This system of industrial democracy would, however, not be imposed on companies unless it was demanded by their workers and it would be open to a company and its workers to negotiate alternative arrangements.

The proposals are contained in a 55-page document, Industrial Democracy — The Way Forward, sent to the Bullock Inquiry by the association which is an independent organisation financially supported by several companies.

President of the association is Sir Jack Callard, former chairman of ICI, who is a member of the Bullock Inquiry and who urged the association to propose detailed practical solutions.

The inquiry's terms of reference are slanted in favour of the TUC's ideas for trade union-based worker directors but a substantial amount of evidence has been submitted opposing the idea.

The Association suggests in its evidence that a company could find a director of a rival concern on its own Board if the worker-representatives were appointed through trade unions—although whether this would actually happen would depend on whether full-time trade union officials, as opposed to shop stewards, were involved.

The association therefore, suggests that a company should be able to limit Board members to its own employees.

Oil companies fac[e] N. Sea rates bid

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

TWO OIL companies will be told this week of the remarkable possibility that they could face "astronomical" local authority rates demands on their North Sea oil fields.

The companies concerned are Shell-Esso and Hamilton Brothers, whose Auk and Argyll oil fields, 170 and 190 miles off the Scottish coast at Fife, were among the first to start producing oil in the U.K. sector.

Yesterday Mr. James Thomson, Fife regional rates assessor, said that he was faced with sending out a rates bill on both fields. The final assessment on the fields "could be astronomical possibly running into millions of pounds." He intended meeting both companies next week.

He did not know how the law stood on the matter and the most sensible way of clarifying the position would be to enter the oil fields on the rates roll of Fife Regional Council and have the companies appeal against the entry.

Because of the implications such a rates demand would have for oil fields being developed in the northern North Sea, as well as the longer-established gas fields in the Southern sector, the oil companies are almost certain to object vigorously.

Local authorities bordering both the Tay and Forth rivers have already set this ball rolling by deciding yesterday to appeal against another of Mr. [Thom]son's decisions—that t[he] bridges crossing both should also be rated.

Such an innovation [would] immediately reduce the [...] allowances available [...] affected local authoriti[es ...] the Government.

Mr. George Sharp, [...] of Fife Regional Cou[ncil, com]plained that, althoug[h the] regional assessor was pai[d by the] council, his role was co[mpletely] independent and inviolat[e].

"I believe I can risk a[...] this stage that we have [been] somewhat over-zealous [...] We are certainly not ta[king this] decision into account in [our for]ward judgment of the r[evenues] that are likely to be ava[ilable to] us from rates as [a local] authority."

More Home News, page 1[...]

More ships [for] Dutch servi[ce]

A FOURTH SHIP ha[s been] added to the Transpor[t Ferry] Service's Felixstowe-E[uropoort] roll-on/roll-off service, [giving] sailings up to 21 weekly [in each] direction.

The extra service wi[ll leave] Felixstowe at 6.30 p.m. da[ily] Monday to Friday and Eu[ropoort] (Holland) at 8 a.m. (loca[l time]). Ionic Ferry is the ship jo[ining the] service following its annu[al ...]

Trade 'now probably in surplus'

By Anthony Harris

THE OVERALL British balance of payments, including investment capital for the North Sea, is probably now in surplus, and the current account may improve sharply this year, according to an analysis by merchant bankers Morgan Grenfell, published to-day.

Pointing to the sharp rise in the volume of exports in the last four months, the bankers say: "These figures demonstrate that despite some restocking by U.K. industry (shown in the very high figure for oil imports in January) there has as yet been no diversion from exports into production for domestic use.

"Indeed, they suggest that the U.K.'s improving share in the main world markets is continuing."

The bankers suggest that the strong performance of sterling during the lira crisis, despite the narrowing of the gap between U.K. and U.S. interest rates, may well reflect the improved balance of payments position.

The balance for 1976, given the fact that U.K. exports have in the past fou rmonths expanded 5 per cent. more than the volume of world trade (including a 4½ per cent. rise in the volume of manufacturing exports) "will lead to a very much lower trade deficit than is at present officially estimated."

Morgan Grenfell believe that the authorities will take advantage of this improvement to secure a further fall in U.K. interest rates relative to those overseas, "as they will be happy to replace overseas sterling balances held in London with longer term currency borrowing."

Statistics out this week on economics

FURTHER EVIDENCE on two topics of central importance—the progress of the industrial recovery, and the growth of the public sector borrowing requirement—will appear in figures to be published this week, writes Anthony Harris.

To-morrow the result of the CBI's monthly inquiry into industrial trends will give the latest information from a broad cross section of industry.

On Tuesday, figures for the central government borrowing requirement will make it possible to interpret the very high Consolidated Fund outflow in January, which seems to have been partly due to the passing through of funds raised in the gilts market and in seasonal tax payments to departmental balances.

If this proves to have been a large influence, the February Consolidated Fund Flow, published on Friday, should in turn show a sharp drop. The present expectation is that, despite the very high flows for December and January, the out turn for the year should not greatly exceed £11bn., a considerably lower figure than seemed likely earlier this year.

IN BRIEF

Fishing plea

A plea for "a coherent Government policy" on the fishing industry was made by Mr. Paul Tapscott, chairman of Associated Fisheries, yesterday.

- Mr. Fred Peart, Fisheries Minister, was greeted with the thumbsdown sign and jeers as he arrived at Hull docks to open new fish docks.

New business

A JULY target date for nationalisation of the shipbuilding industry was set yesterday by Mr. Gerald Kaufman, the Minister for Tyneside yards of Swan Hunter side-stepped questions on Swan's

Mr. Kaufman said general order become law by the summer.

London tea sales

At the tea sales held in London last week 43,569 packages sold realised an average price of 65.73p per kilo compared with 63.75p at the previous sale and against 62.56p a year ago. Plain tea was quoted at 49p.

	No. of Kilos	Average per kilo
African Highland Prod.	51,277	65p
Amgoorie	2,741	67p
Assam Co.	31,075	68p
Assam Cons.	20,130	68p
Assam Dooars	31,863	61½p
Assam Frontier	166,276	67p
Attaree Khat	24,104	66p
Blantyre	1,903	61½p
Cachar and Dooars	5,655	66½p
Chubwa	3,493	67½p
Chulsa	9,698	66½p
Dekhari	26,456	67½p
Demodera	2,330	55½p
Doom Dooma	47,415	68p
Duff Estates	1,933	61p
Eastern Assam	13,493	67½p
Imperial	25,556	63½p
Jokai	46,139	67p
Jorehaut	14,347	65½p
Kanan Devan	20,214	67½p
Kenya	218,609	69p
Land Reform	215,933	66p
Majuli	4,952	68½p
Moran	52,606	69p
Nayabedde	4,265	65½p
Pabbojan	49,507	67p
Singlo	22,449	67½p
Tingri	17,891	67p
Tukuyu	14,987	70p
Upper Assam	15,654	67½p

Stocks at February 20 amounted to 62,376 metric tons compared with 65,584 metric tons a year ago. Converted at 49.853 kilos per package.

Madrid plans for army to break transport strike

BY ROGER MATTHEWS

MADRID, Feb. 29.

THE SPANISH Government has drawn up emergency plans involving the use of the army to ensure the delivery of essential food and other supplies should renewed efforts to end the week-old strike by lorry drivers prove unsuccessful.

The strike, which began in Madrid, has now spread nationwide and taken more than 45,000 lorries off the road.

The army was called in yesterday to prevent the south-western town of Badajoz running out of water while in several southern towns supplies of fresh fruit and vegetables have diminished sharply. Madrid has not so far been seriously affected, but lorry owners said to-day they expected bread and milk deliveries to be hit within the next three days.

The Association of Transport Owners in Barcelona has asked for formal police protection against "uncontrolled pickets." There is also mounting official concern over the increasing violence in clashes between police and workers. In the northern town of Vigo, police and demonstrators fought a series of running battles last night with barricades being set up in central parts of the city.

Barcelona, Spain's second largest city, witnessed its worst violence for many years on Friday night when groups of demonstrators also built barricades and several times tried unsuccessfully to overturn buses and set them on fire.

More than 85,000 building workers have been on strike in Catalonia, but there are hopes that they will return to work to-morrow following the signing of a new wage deal. There is less optimism in the case of some 25,000 striking teachers.

In the Basque provinces, which have been relatively free from industrial disputes, workers from one of the country's main steel plants have struck in support of 800 colleagues who were locked out for three weeks.

With the attitude of senior army officers, especially those in the Government, of potentially vital importance during the present difficulties, military sources have revealed the arrest of another officer, Captain Antonio Herreros Robles. He is known to be a close friend of Major Luis Otero, one of the nine officers due to be court martialled soon for their alleged political activities.

More liberal members of the Government would welcome a further postponement of the court martial, now scheduled for March 8, to avoid the risk of causing tensions among the younger ranks of officers. The military prosecutor is asking 12 years' jail for two of the defendants, and there is a risk that a heavier penalty could be imposed if the men refuse to speak in court, an attitude adopted in protest at the army's refusal to allow them civilian lawyers.

Mobutu and Neto sink their differences

BY JANE BERGEROL

LUANDA, Feb. 29.

AFTER almost a year of war, when Zaire backed the FNLA movement against Angola's ruling Marxist MPLA, the two countries were reconciled in Brazzaville this week-end.

A mini summit conference between Angola's President Agostinho Neto and Zaire's President Mobutu Sese Seko, lasting only a few hours and held under the auspices of Congolese head of State Marien N'Gouabi has produced an accord which in principle at least gives the Angola People's Republic one friendly border.

Zambia, Angola's other independent African neighbour, may now follow Zaire's lead and normalise its relations with the 47th OAU member state, ending its continuing support for Dr. Jonas Savibi and his Unita movement.

The Zaire-Angola accord, announced in Brazzaville on Saturday, pledges the two countries will guarantee each other's territorial integrity (thus formally ending Zaire's onetime ambitions to control the Angolan enclave of Cabinda bordering between Zaire and the Congo People's Republic, and containing the rich Gulf oil fields). But it also goes further than the minimum formalities of mutual non-interference and establishes a framework for peaceful future co-operation by setting out the need for agreement on "practical measures" to implement frontier security, and by guaranteeing neither country will allow "military activities" in its own territory aimed against the neighbouring government

This is very much a two-way clause, since it not only precludes continuing Zaire support for Holden Roberto and his formerly Zaire-based FNLA, but, for President Mobutu, holds out the hope that Angola will not allow the Zaire opposition to wage guerilla war from Angolan bases.

Another clause covering "voluntary repatriation" of refugees in both countries, under United Nations auspices, again will concern not merely Angolans in Zaire but also Zairois refugees in Angola, including the celebrated Katangese gendarmerie and their families.

The summit was held, according to the final communique, in a spirit of "understanding" and President Agostinho Neto built into the final agreement a clause expressing Angola's appreciation of President Mobutu's stand against foreign mercenaries transiting through Zaire to fight against MPLA in Angola. No direct reference is made to Zaire's backing of FNLA, again a conciliatory concession by the Angolan Government, nor of the presence of Zaire troops inside Angola in the fighting. Instead Angola confirms its will to "co-operate with neighbouring countries" — possibly a gesture towards Zambia as well—and specifically holds out Angolan guarantees in the field of communications. This may mean a rapid reopening of the Benguela railway line to Zaire traffic.

POLISARIO'S NEW REPUBLIC

U.S. envoy in Algiers

BY EIRENE FURNESS

ALGIERS, Feb. 29.

A SENIOR U.S. State Department official is in Algiers for a meeting with President Houari Boumedienne as part of a fact-finding tour of capitals involved in the now fast-moving dispute over the Western Sahara.

Mr. Alfred Atherton, Assistant Secretary of State with special responsibility for Near Eastern Affairs, will spend three days in Algeria before flying to Morocco on Tuesday.

The official Algerian news agency APS reported last night that 21 of the 47 member states of the Organisation of African Unity (OAU) have expressed support for recognition of the Polisario Front, the Algerian-backed independence movement which proclaimed a Saharan Arab Democratic Republic on Friday night.

The news agency said nine countries opposed recognition when the issue was discussed by the political committee of the OAU ministerial council, meeting in Addis Ababa.

Proclamation of the new Saharan Republic was made by Mr. Mohamed Ould Ziou president of the Saharan Provisional National Council near Birlahlou inside Western Sahara at midnight on Friday.

Dressed in a long brown jellaba and wearing a beige turban Mr. Ould Ziou made the declaration standing in the desert at the centre of a huge circle of some 10 000 Saharani men, women and children picked out here and there by Land Rover headlights. The Polisario flag (black, white and green horizontal stripes with a red triangle at the staff end and a red star and crescent in the middle of the white stripe) was hoisted on a makeshift flagpole by two young Polisario militiamen. A detachment of men presented arms and the crowd went wild, celebrating until nearly dawn.

A group of children marched around the flagpole singing the Polisario national anthem which bears a strange resemblance to Auld Lang Syne. Camels were barbecued and rifle and machine gun fire punctuated the cheers and singing.

Mr. El Wali, 28-year-old general secretary of Polisario, gave an impromptu Press conference in a nomad tent at 2 a.m. "We want a united friendly area where natural resources are exploited for the benefit of all the peoples living there. We will co-operate with all our neighbours providing they recognise our sovereignty," he told me in a statement, which, given the circumstances, was remarkably conciliatory.

The new "republic" will be governed by a revolutionary council and an elected national council. A constitution will be published in May.

What next for Polisario? They and their Algerian backers are gaining political and diplomatic ground, but Moroccan and Mauretanian troops hold almost all the territory and most of the Saharan population has been evacuated to refugee camps. "We will never give up fighting for independence. If we don't win it then our sons or grandsons will," said Mr. El Wali.

● In Rabat, Morocco said that the Saharan Republic was proclaimed on Algerian territory and not in the Western Sahara, Reuter reports.

Our Addis Ababa correspondent reports: The OAU marathon debate on the Western Sahara continued here to-night in an atmosphere charged with wildly conflicting accounts of the proceedings and, though no vote has been taken, the Organisation is deeply split on the issue.

RABAT, Feb. 29.

King Hassan of Morocco warned on Saturday that he would use "all possible means" to ensure the unity and safety of his country following the proclamation by Algerian-backed guerillas of an independent state.

UPI.

Egypt '45 days behind on debts'

BY MICHAEL TINGAY

CAIRO, Feb. 29.

PRESIDENT Sadat returned here to-day from Kuwait after a nine-day tour of Saudi Arabia and the Gulf to an uncertain financial climate which is seriously worrying foreign bankers and financiers.

Mr. Sadat has secured the promise of support in principle for an Arab fund for Egyptian economic development. But clearly he has failed to allay uncertainty concerning Egypt's short-term problems.

Dr. Ahmed Zendo, chairman of the Central Bank of Egypt, left here for Saudi Arabia on Friday in what was interpreted here as an effort to speed up the transfer of a promised $300m. in immediate aid. The full financial results of the tour will not be known for several days.

Even if reports that Kuwait will match the Saudi promise of $300m. are correct, Egypt's foreign exchange position remains serious. Foreign banking sources here said the country was up to 45 days overdue on bank to bank facilities. A senior Egyptian banker admitted to 32 days overdue but claimed that 45 days must be a technical oversight.

Observers here stressed the difference between Egypt's immediate crisis in short term credit and the long term economic problems.

Egypt currently borrows up to £E700m. (about £900m.) in short term revolving credits to pay for vital imports. Not only are bank to bank repayments overdue, but supplier credits are as much as four months in arrears according to reliable sources. The major airlines operating offices in Cairo have been stalled for periods reportedly up to one year for the official conversion of their Egyptian pounds locally earned into foreign currency.

Iraq to switch emphasis to Gulf pipelines

BY RICHARD JOHNS

BEIRUT, Feb. 29.

IRAQ is planning to maximise throughput of oil from its northern field to its Gulf export terminals near Basrah rather than to its traditional Mediterranean outlets at Banias in Syria and Tripoli in North Lebanon, the latest edition of the Middle East Economic Survey report here.

The well-informed weekly says that Shell, Compagnie Francaise des Petroles, OMV (of Austria) and Hispanoil, as well as Soviet and East European customers, have been advised that they should make arrangements to ship their requirements of Kirkuk crude from the Gulf terminals of Khor al Amaya and Mina al Bakr.

Although the MEES report does not say so, it is understood the decision to divert as much Kirkuk crude as possible, away from the Mediterranean is directly related to the deadlock in the talks between Iraqi and Syrian Government on the cost of crude supplied to the latter and the level of transit dues pumped through the pipeline system across Syrian territory to the Mediterranean.

At logger-heads with Damascus on a number of issues like the Lebanon and sharing of the Euphrates water, the Baghdad Government appears to be more than ready to deprive Syria of the useful revenue from the transit of oil-estimated at about $135m. last year—and to stop supplying oil at a concessionary rate—involving a saving of up to $90m. in 1975.

The Iraqi-Syrian talks were adjourned the week before last inconclusively and having, it seems, added to the rancour between the two regimes. Under agreements dawn up before the oil price escalation and covering the three years 1973-75 transit dues were set at 45.55 cents per barrel. Inclusive of operating costs, and the Iraqi crude deliveries to Syrian refineries was charged at the rate of $3.05 per barrel.

Farm prices, elections top EEC Ministers' agenda

BY ROBIN REEVES

BRUSSELS, Feb. 29.

DETAILED arrangements for direct elections to the European Parliament and the Common Market's annual farm prices review are among the issues to be thrashed out at EEC Council of Ministers' meetings here this week.

To-morrow and Tuesday, Foreign Ministers of the Nine will have their last opportunity to clear the way for EEC Heads of Governments to give the final blessing at their early April "summit" to direct Euro-elections in May or June 1978. There is still a formidable amount of work to be done. The draft convention upon which officials have been working feverishly since last December's Rome summit gave the go-ahead in principles, leaves a number of key issues wide open; notably the number and distribution of seats, and a precise date for European polling day.

With consultations on direct *elections in Britain itself only* just getting under way, Mr. James Callaghan, the Foreign Secretary, will also be looking for a clause in the convention which does not bind the Government hand and foot to meeting the 1978 deadline.

The Foreign Ministers will also examine problems surrounding the introduction of a European passport from 1978 onwards, and give their preliminary views on the Brussels Commission's recommendations to limit exclusive offshore fishing to no more than 12 miles, in the event of an UN Law of the Sea Conference agreement to adopt 200-mile economic zones. British Ministers have already indicated that they consider a 12-mile band insufficient. But Mr. Callaghan will have the opportunity now to spell out what the Government would be prepared to accept.

Meanwhile, Agriculture Ministers of the Nine will begin on Tuesday what is hoped will be the final negotiating session on *EEC farm prices for the 1976-77* season.

Turkish 'embezzlement' scandal

TURKISH Prime Minister Suleyman Demirel's nephew has been arrested in absentia on charges of embezzling the State Treasury, a scandal which is bound to have major political consequences, Metin Munir reports from Ankara. Mr. Bulent Ecevit, the main Opposition leader, has accused Demirel of having tried to cover up the alleged embezzlement and filibustering a move to open a Parliamentary investigation into it.

Lockheed probe urged

The influential opposition newspaper "To Vima" yesterday urged the Greek Government to open a formal inquiry into the purchase in 1975 of 15 transport planes from the Lockheed Corporation despite objections from high ranking air force officers, our Athens Correspondent reports.

Venezuela draws up blacklist

Venezuelan President Carlos Andres Perez has said that his Government will draw up a "blacklist" of foreign and domestic companies known to engage in international bribery and that the Government will not deal with any of these firms, Joseph Mann reports from Caracas. The President's statement came less than a fortnight after a Presidential investigation into alleged bribes made by Occidental Petroleum here was completed.

Galilee storm

An Israeli Cabinet decision yesterday to requisition 5,000 acres of land in Galilee has touched off a storm of protest by Jewish and Arab landowners, Reuter reports from Jerusalem.

Housing Minister Avraham Ofer announced that the Government would pay fair compensation for the 1,500 acres owned by Arabs and the 1,000 acres owned by Jews, with the remaining 2,500 acres in Government hands.

The Office World

EDITED BY JOHN ELLIOTT

U.S. BUSINESS MACHINES . . . BY CANDACE CUNIBERTI IN NEW YORK

Another copier price war

THE TWO GIANTS of the U.S. copier industry, together with their smaller competitors, have drawn up lines for what may turn into a major price battle. Xerox recently challenged its *arch-rival, International Business* Machines, and cut the sales price on its 3100 and 3100-LDC model copiers to $10,000 and $1,400 respectively. But further such developments are thought likely following the *introduction, expected shortly*, of IBM's new copier series, which some analysts expect to provide real competition for Xerox in the market for medium-capacity machines.

Round one in the battle took *place last autumn when Xerox* first announced its plans for substantial pricing changes. At the time, IBM swiftly countered with lower prices for its copier II. *Xerox immediately struck* back with additional reductions for its four models which compete directly with IBM's copier II. Now Xerox has cut prices again, this time retroactive to December 31.

Response

Some analysts feel that these price reductions are really a catch-up response by Xerox, to keep its product prices in line *with those of IBM. A Xerox* spokesman took offence at the suggestion that his company was playing follow the leader with its major competitor. Nevertheless he did admit that Xerox prices were way above the competition, but he claimed "We feel we rate the premums." Premiums or no, the company is determined to keep its market share, and price cuts seem to be the favoured method at present.

Sources close to the industry *feel that these are signs that* Xerox is now "coming of age." It is learning to temper its methods to a far more competitive market—a market which for *many years was its oyster. One* analyst suggested that Xerox had either been insensitive to, or unaware of, a growing cost consciousness on the part of copier users over the past two years. IBM had, he felt, been a bit wiser and consequently had improved its market position.

Xerox, of course, faced an especially difficult period last year, and has struggled for the past two years. High prices, have in the past, been part of the plan to keep Xerox on target for its short term revenue projections. After last year's struggle, however, it would seem that high prices are not enough.

Price sensitivity, however, was hardly a secret. Smaller copier *companies* have tried to make use of a price edge to carve out their modest shares of the copier market.

Pitney Bowes entered the copier market a year ago this February, and *initially* set its prices for some product packages *as* much as 30 to 40 per cent. below those for the Xerox 3.00 on comparable monthly plans. Xerox reduced this distance when it announced its price cuts last autumn.

Tried again

At the end of January, this year, Pitney Bowes tried again to establish a wider distance between its prices and those of Xerox. The company announced *price reductions* and discount plans for its rental contracts, which it was hoped would bring an important price advantage in the medium-volume market—Pitney Bowes only rents, it does not sell its plain-paper copier.

Among other changes the company cut its basic monthly rental charge on a single machine, for a customer making *10,000 copies a month by 5.7* per cent. In addition—at the same volume levels—a customer could choose a new six-month plan, which runs about 5.1 per cent. less than its previous one-year plan. It is hoped this will entice customers who use the 30-day plan to commit themselves for six months instead. (Neither Xerox nor IBM have a six month option on leases.)

Tom McGarry, director of corporate communications for Pitney Bowes, said that the *reductions almost restore the* pricing edge on which they based their original prices last year.

Two *of* the other smaller copier companies, Savin Business Machines, and the Minnesota Mining and Manufacturing Company both say they have no *plans to cut their prices at* present. In general, analysts and industry sources are not yet sure how widespread a price war is in the making, although the costs may still drop lower before a firm base is found.

It is thought by some that Xerox is trying to gain a better competitive position before IBM announces its most recent copier line. While some industry *sources suggest that the new* product will be a specialised copier, there are others who feel that IBM may be about to unveil a product which will *really* give Xerox a run for *its* money. If that is the case, it is an open question where prices may go.

A full scale price war, noted Mr. McGarry with understatement, "would make it difficult for everyone."

DHSS tries local staff participation

BY NICHOLAS LESLIE

AS THE Government department which comes closer to the general public than any other, *the Department of Health and* Social Security must bear more than others the brunt of people's frustrations and anger generally against "inefficiencies" of the *civil service. But if accusations* were to be made that nothing is done to improve the service, it appears that they would be wrong.

In selected social security offices small working groups *have been attempting over the* past two years to find ways of improving the service given to the public, while at the same time attempting to give greater job *satisfaction* to the people working in the offices.

In the latest Civil Service Department journal, Management Services in Government, Mr. Derek Burden, a consultant with the CSD, describes how this was done. Instead of the conventional administrative ap*proach of analysing the problem* centrally and drafting a set of proposals to meet the expected demands for the next ten years or so, he illustrates how it was decided to go out to the local offices not only to learn about problems of staff and public at first hand, but also how to involve the staff in understanding and seeking solutions to the problems.

Describing what happened at two of the offices, Wallsend and Wakefield, Mr. Burden says staff *at all levels had* over a period actively concerned themselves with analysing and improving their work organisation and working methods. New counter arrangement had been introduced and greater sym*pathy was extended to the pub*lic's reaction to the services provided.

Efforts were also made to improve training, personnel management and communications within the offices and *various arrangements made to* measure the effectiveness of the changes introduced. To do all this, arrangements were made to ensure that the groups could work in an atmosphere free from official codes and procedures and from local demarca*tion issues.*

Mr. Burden feels that while none of the measures carried out could be described as unique, the factors which distinguished what he describes as "new model offices" were the *wide range of innovatory work* being tackled under one roof. In addition there was a high degree of involvement of all staff from manager to clerical *assistant.*

On staff involvement, he maintains that despite the stresses of social security work, local office staff at all levels have a considerable reservoir of energy, ability, ideas, goodwill *and enthusiasm which can be* tapped by more participative methods of management.

But he adds: "There is no short cut to a genuinely participative method of managing. Willing effort and imaginative contribution from staff does not come in response to gimmickry of any kind. It only comes when staff experience the reality of having as complete a job as *possible, with discretion over* how it is to be tackled—and in the knowledge that their managers actually want and value their ideas."

Mr. Burden also stresses that it is not any particular reorgani*sation or new procedure which* brings commitment, but the "process of creating it." This process had to be communicated to other offices and had to be experienced both for managers and staff. "Nothing can substitute for the actual experience of beginning to behave in different ways," says Mr. Burden.

Danish company experimen[ts] with small work groups

MAJOR CHANGES in operating methods and organisation of a *company are frequently born of* necessity. But at two Danish companies involved in the computer stationery field they came about as a result of an experiment which the companies decided to undertake during a *period of high profitability.*

The companies concerned *were* Con-Form Formulartrukkeri which markets computer stationery for its sister concern, Con-Form Produktion, and the changes came about as a result *of their managing director, Mr.* Erik Brodam, deciding to take the risk of upsetting an already successful operation by introducing the changes.

Mr. Brodam's imagination had been fired by the possibilities for decision-making groups throughout the organisation, with minimum interference *from top management, with* information flowing freely upwards, laterally and downwards and with relationships based on trust rather than on formalised reporting procedures.

He was also influenced by experiments at an education centre established by the Danish Government for pupils in their eighth, ninth and tenth years. Asked to create an ideal model *for a company, their choice of* organisation showed their desire to work in a small group, sometimes with a leader and sometimes *without.*

The marketing and production companies employ about 35 and 100 people respectively and are fairly typical of Danish companies since 90 per cent. of them have less than 100 employees. And, with a combined *annual turnover in excess of* $15m., they form part of the Bording Group, a large printing concern made up of 16 companies employing 1,600 people. They used to have a traditional management set-up of a manag*ing director*—with accountant and sales manager reporting to him—and a sales force which was divided into "sales" and "base" workers.

The new *structure* Mr. Brodam introduced was based on a small number of sales groups, an administrative group and a management group. In this way every individual in the organi*sation* was included in the *restructuring, irrespective of* their job.

Brodam did not decide who was going to belong to which group, but he did suggest some "ground rules." No group was to consist of more than eight *people because of the likelihood* of fragmentation into subgroups; this was a kind of recognition of the "laws" of group dynamics. The administrative group should form around secretarial, switchboard *operating and similar tasks, and* the organisation would also be managed by a group—the management group—which would simply consist of one representative *designated by each of the* other groups plus two individual members—the managing director and the financial manager.

Sales groups formed by *individuals* coming together of their own free choice; because they liked one another, respected one another's abilities and could work well together, for example. *Thus* social as well as technical or task factors played a part in *group formation. There was no* longer any distinction between "field" and "base" workers. The former base workers, who used to be mainly concerned with administrative chores, were now involved in communicating with customers, as well as suppliers and the production company. The old lines of job demarcation had vanished.

For a group to be autonomous, *even within broad* organisational objectives, it must formulate where it wants to go and plan for itself how to get there. The tasks of administration were made the responsibility of the groups. Setting sales targets and prices, *and the selection and dismissal* of employees — these, and others, were now issues for the group.

Each sales group sells the same range of products across the same geographical area to *the same type of customer.* Individual salesmen are not allocated different "territories," some of which might be thinner or fatter than others, but have *instead a register of* customers. If a salesman fails *to* get an order from a customer in six months he has to hand the customer over to another salesman.

The planning of sales *strategies* and campaigns is done by the whole group with the former field and base workers equally deeply involved. Each person in the *group then sets their own* targets for the next six months —for turnover, price level and quality. Every individual personally decides the price at *which he will sell, which* is possible because every order is designed specifically for that *one* particular customer's needs.

Every management group meeting has an agenda, responsibility for which is taken by a *different work group each* week. Normal practice is for there to be a standard printed card, on which agenda items can be entered, placed on a notice board where everyone may have access to it and make any entries *they wish to.* This can be done either by individuals on their own initiative or on behalf of their group at any time up to mid-day on the Wednesday before the meeting, at which time the agenda becomes fixed. No item can be rejected for discussion at the management group meeting, priorities are not allocated to items and no time constraints are put on the meetings.

Developments have been *rather different and slower in* the production company—the company has many more employees and is heavily unionised. Brodam described to the shop stewards a structure built around an L-group *or leader group which would* consist of only one member by right—the managing director—the other seven places being filled by employees. This group would be the equivalent [of the] management group i[n the] marketing company, b[ut the] shop stewards were [not] enthusiastic, claiming m[ember]ship by right for thems[elves in] the L-group.

Because it was diff[icult to] reach agreement for [the] suggested structures, all [groups] formed in the productio[n com]pany have been design[ated] "temporary" as distin[ct from] the "permanent" [groups] operating in the ma[rketing] company.

There have been as m[any as] 20 temporary project [groups] considering various prob[lems at] any one time and althou[gh this] has its disadvantages [Brodam] feels that the tempora[ry pro]ject group system is a g[ood way] to raise people's ability [to solve] their own problems . . . learn, a good way of [sitting] out a waiting period" [until] a more permanent st[ructure] emerges.

One lesson that ha[s been] learned is that change is [a slow] *process, even in an orga[nisation]* like Con-Form. It m[ust take] correspondingly more [effort] and more time co[nsuming] in larger companies. Brodam estimated tha[t a company of,] say, 1,000 employe[es] would take between 8 [and ...] years to introduce wor[k] organisation developmen[t philo]sophy changes. A[lthough] developments have bee[n] *rapid in the marketing co[mpany]* they are continuing to [change] after the relatively long [period] of eight years and gro[ups in] the production compan[y are] still designated as "temp[orary]."

As a result of the enth[usiasm] *generated,* Brodam say[s, and] the sense of respon[sibility] everybody has, sales [have] increased, using the sam[e num]ber of people. The annual sales increase [was ...] per cent. in 1970-71. I[n later] *years sales grew less sp[ectacu]*larly but the share of sa[les per] individual continued [to in]crease. More recently wh[en the] Bording group as a who[le de]clined in profitability Co[n-Form] continued to improve, be[ing] in fact the most pr[ofitable] member of the Group.

The new system tends [to re]duce management [jobs.] The sales manager [told] Brodam one day "I ha[ve no] decisions left. I have no [...]" and he left the company. [Now] then Brodam himself oc[casion]ally feels both overpai[d and] redundant, sometimes. [If the] A-group ask him, he hel[ps out] on the switchboard.

Consensus decision ma[king is] difficult, time consuming [with] meetings lasting up to te[n hours;] it can be tedious and app[arently] time wasting. Fortunate[ly, the] average duration of the management group meet[ings is] only 1½ hours and it is s[ignific]ant that no one wants to [return] to the previous wa[y of] operating.

In a second article on work reorganisation the experience of changes in a computer stationery company is described by Andrew Hepworth of the Ashridge Management College

Low paid U.K. executives

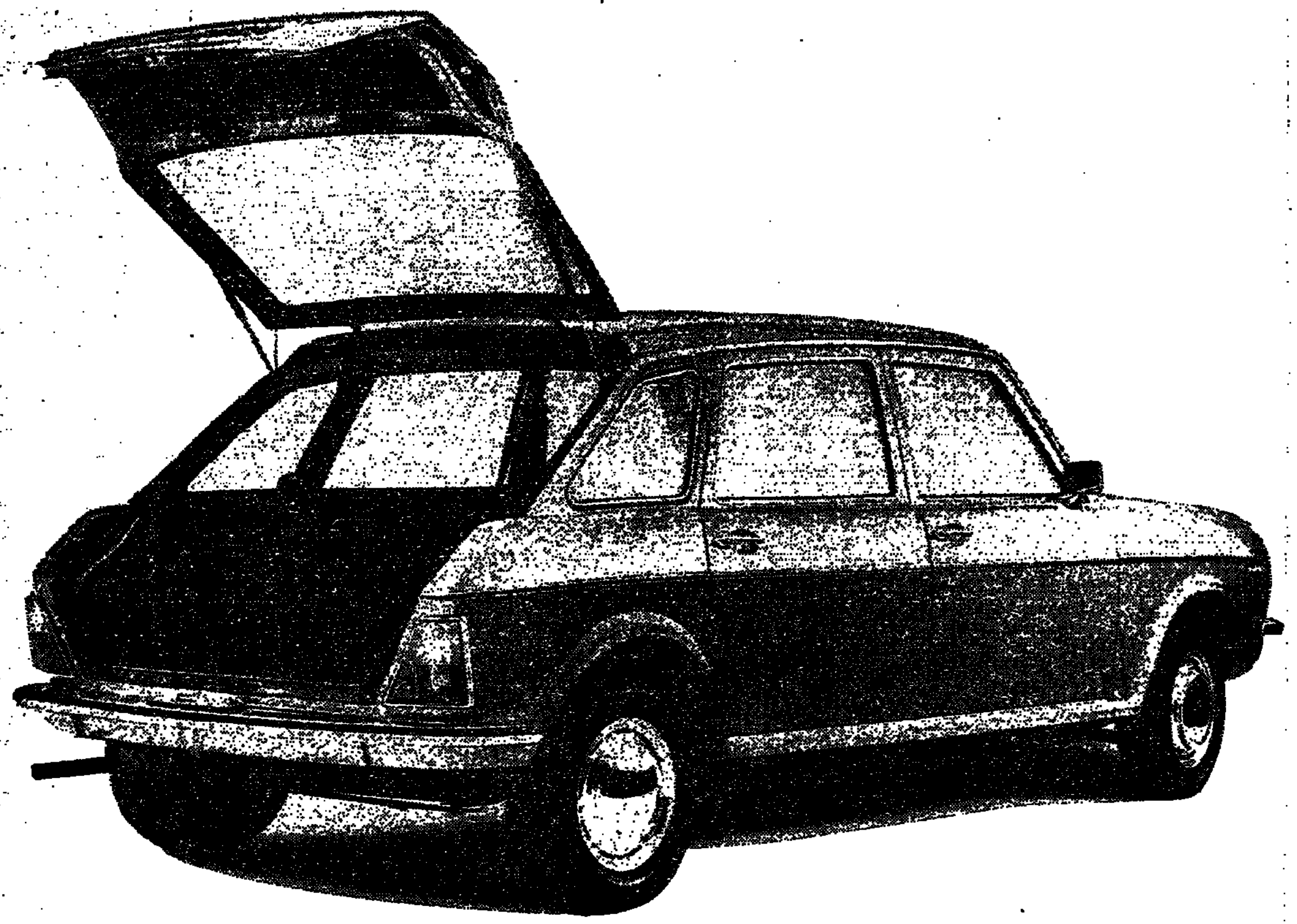
DESPITE SIZEABLE salary increases in 1974 and 1975, senior U.K. executives are still paid far less than their European counterparts—as much as 50 per cent. *less than those in* France and Belgium, for example.

This is a conclusion of a study carried out by Eurosurvey, an international executive search firm, on the European executive scene.

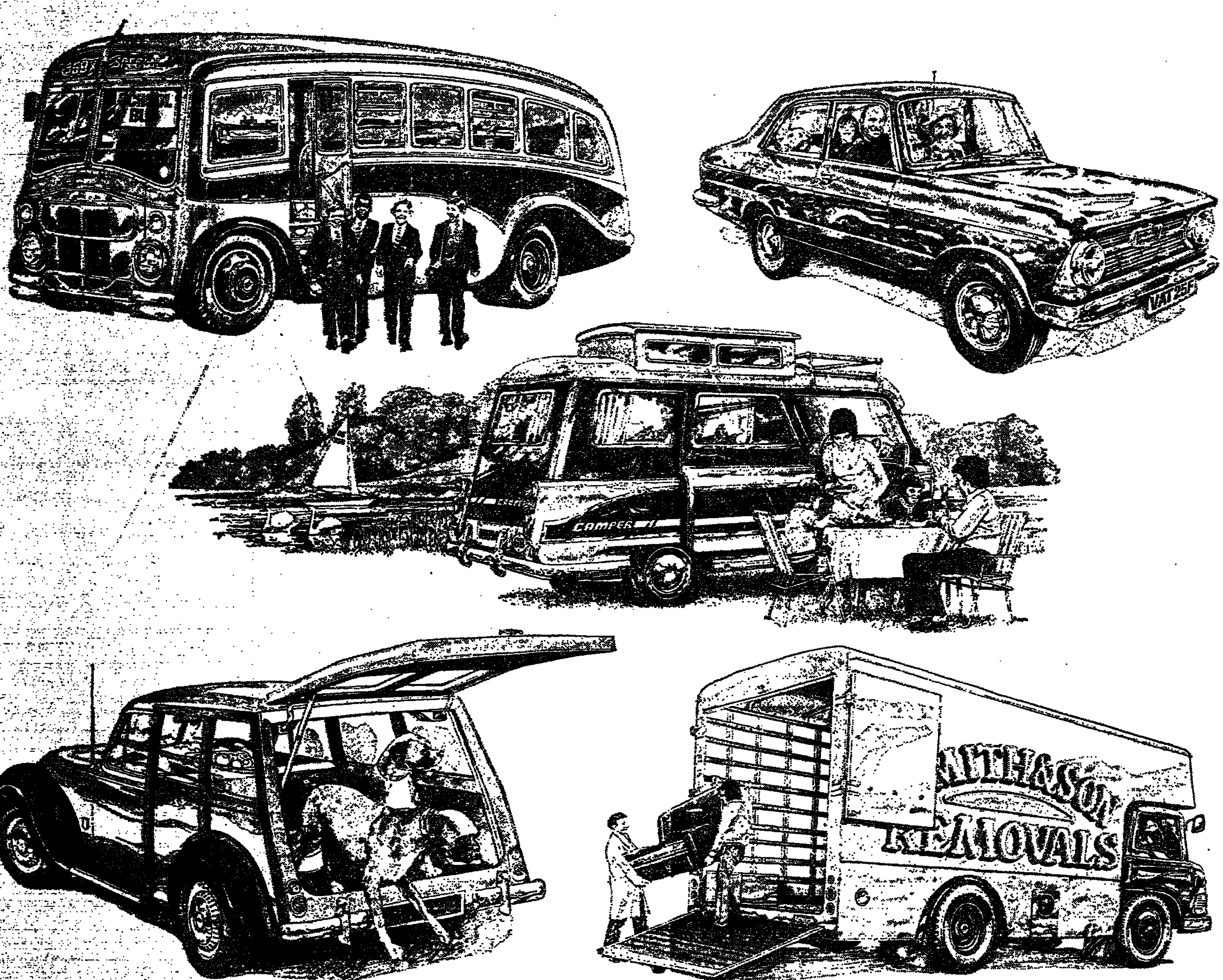
To illustrate the wide divergence of pay scales, the survey states that in France and Belgium respectively, the managing director of an engineering company with a £30m. annual turnover was earning an average £36,100 and £35,000 after 9 per cent. and 28 per cent. increases on the previous year, while in West Germany the salary level was £33,000, following a 10 per cent. lift. The Netherlands figure was £32,400, up 8 per cent.

In contrast, the U.K. executive in a similar position has a salary of *only £18,000*, and that after an average 20 per cent. increase on the year before.

Because of the generally depressed economic climate now holding down pay rises, *it* is not surprising that the survey finds that throughout Europe there is a greater number of executives expecting to increase salaries by moving to new companies.



The Maxi. £2,128.23.



The alternative to the Maxi. £25,120.

As a straightforward family saloon, the Maxi is still excellent value.

Very, very few cars today offer so much comfort and finesse at such an attractive price.

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Maxi. It's a lot of cars for the money.

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THE JOBS COLUMN

Red sky tonight, perhaps

BY MICHAEL DIXON

IT IS good news, relatively. The latest Government - backed "Reward" survey of the executive jobs market is not yet published. But I hear that it supports the more optimistic, albeit minority view among recruitment consultants reported here last week; namely that the falling market for managers' services has bottomed out.

The new Reward—due for release this week—covers the four months October-January, and for the final three months of this period the number of out-of-work managerial workers seeking jobs through the Government's Professional and Executive Recruitment Agency stayed steady at around 68,000.

This figure represents an awful lot of misery. But it is a good way short of the 80,000 forecast when the last Reward was published in late October. And while the steadiness in November and December might have indicated only a continuing and worthy reluctance among companies to sack people soon before Christmas, the fact that the steadiness remained through January looks to be a sign of more than seasonal cheer.

Further, although job openings are still heavily outweighed by candidates, I understand that the new figures show increased demand for a number of categories of managerial workers. These include various types of engineers, and of sales staff. For instance, at the end of September the PER agency's books showed 137 jobs for sales managers; at the end of January the figure was 205.

Where the climate for jobs is concerned, an over-riding demand for accountants seems to have rather the same meaning as a red sky at morning. So a perking demand for salesmen and engineers might equate with a red sky at night.

Even so, I have never had much trust in conventional weather lore. When interpreting signs in the sky, I take the line favoured by the fishermen of Lyme Regis whose standard weather saying is: "If you can see Portland Bill, it's going to rain; if you can't see it, then it's raining."

ANOTHER thing about to emerge from the Reward survey is evidence that the £6 pay-rise limit has been effectively observed among the managerial workforce. Over June-September the survey's salary figures showed an average increase of 6.5 per cent. Over October-January the figure was down to 3.5 per cent., and the Reward experts are predicting a rise of only 1 to 2 per cent. over the next few months.

So I feel that the Chancellor of the Exchequer has little reason to complain about the economic responsibility of the particularly hard-pressed middle income groups. But whether they will be willing to go on taking similarly harsh medicine through the next stage of pay policy, I doubt.

Unless Mr. Healey now does something to repair a bit of the recent damage to "take-home" pay differentials, then there could well be an "explosion" next year in fringe benefits.

The present Government might, of course, prefer this to being seen to allow the managerial ranks a bit more money to spend in ways of their own choice. But a sudden upsurge in perks could have some nasty implications for Labour policies.

Take for instance the perk of giving executives considerable help with paying school fees for their children. If that became much more widespread, it would do a good deal of harm to the Government's cherished comprehensive-school policy.

FOR MORE than 90 years the Toynbee Hall community in East London has been carrying out a wide variety of social welfare work. It now needs a new warden to lead and manage its activities, heading about 40 staff and assisted by some 50 "residents" who go to live in and work from the hall for periods of about two years.

Immediate support is provided by a deputy, a bursar, accountant, secretary and maintenance officers. Help is also available from the organisation's council, led by Lord Blakenham, which includes two members, with special responsibility for fun-raising.

Candidates must be experienced managers who are—in Lord Blakenham's words—"dedicated saints with their feet on the ground." Which I take to mean, with practical knowledge of social work.

Salary around £5,000. Free large-sized flat. Inquiries to David Bennell of MSL (17, Stratton St., London W1X 6DB—Tel. 01-493 3551).

A QUALIFIED accountant with professional standard writing skills is wanted in London by the Institute for International Research as editor of its forthcoming bi-weekly publication, International Accounting and Financial Report. Salary about £5,000-£6,000. Applications to Irvine Laidlaw (37 Montagu Sq., London W1H 1TL.—Tel. 01-724 0747).

BANKING AND INSURANCE APPOINTMENTS

GENERAL APPOINTMENTS

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF

TRIO KENWOOD CORPORATION
(FORMERLY TRIO ELECTRONICS, INC.)

DESIGNATED COUPON No. 24
(Action required on or prior to 30th June, 1976)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 1st, 1970, among Trio Kenwood Corporation (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the General meeting of stockholders of the Company held in Tokyo, Japan, on 18th Feburary, 1976, such stockholders approved the payment of a dividend of 2.5 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 302.75 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the Republic of Korea, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organized thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 24 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Sub-depositary) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 24. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Sub-Depositary listed below, upon the surrender of Coupon No. 24.

SUB-DEPOSITARIES

NAME	ADDRESS
Chemical Bank	Frankfurt/Main, Germany
Banque Lambert-Luxembourg, S.A.	Luxembourg City, Luxembourg
Pierson, Heldring & Pierson	Amsterdam, The Netherlands

The following table sets forth the amounts payable upon presentation of Coupon No. 24 from the various denominations of Receipts.

Coupon No. 24 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	0.07	0.06
10 Depositary Shares	0.70	0.65
50 Depositary Shares	3.50	3.29
100 Depositary Shares	7.01	6.59

Payment in United States Dollars in respect of Coupon No. 24 will be made by United States Dollar cheque drawn on or transfer to a United States Dollar account maintained by the payee with a bank in New York City.

Dated: 1st March, 1976.

CHEMICAL BANK, as Depositary
10, Moorgate,
London, EC2R 6DD, ENGLAND.

* 20th November, 1975 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 24 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30th June, 1976 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 24.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Lonrho, 20, Aldermanbury, E.C., 11.30

BOARD MEETINGS—
Finals:
Commercial Union Assurance
Royal Insurance
Sedgwick Forbes
Union Corporation

Interims:
Campari
Fox's Biscuits
Leisure and General
Willows Francis

DIVIDEND & INTEREST PAYMENTS—
Aberdeen, Edinburgh and London Tst. Db. 2pc
Acrow Series A Db. 3¼pc
Allied Breweries 2.166p
Amalgamated Distilled Products 0.65p
Amax Inc. 43.75 cts.
American Brands Inc. 70 cts.
Anglo American Corp. of S. Africa 7½pc Ln. 1987 3¾pc
Anglo-Argentine Tramways 5½pcDb. 12½pc (Cap. repayment). Db. 2½pc. Db. 1.375pc (special interest payment). Dbs. 2¼ and 2pc

...

Norton Inds. Db. 4¼pc
Olympia Db. 3¾pc
Peterborough Motors Db. 4¼pc
Redland Db. 3¾pc
Routledge and Kegan Paul Db. 3¼pc
Sears Engng. Db. 4¼pc
Sheffield Twist Drill and Steel Db. 3¾pc
Watney Mann and Truman Lns. 3⅝ and 4pc
Whitbread Db. 4¾pc
Worth (Bond) Db. 3¾pc
Yorkshire Chems. Db. 5pc

SUNDAY, MARCH 7

DIVIDEND & INTEREST PAYMENTS—
Barclays Bank Intnl. Ln. 5¼pc.
British Leyland Motor Corp. Lns. 3 3½ and 4pc
Highams Db. 5½pc

HONORARY DEGREE FOR EDITOR

MR. BRIAN MacArthur, editor of The Times Higher Education Supplement, has been awarded an honorary degree by the Open University for his services to educational journalism.

BROCKHOUSE

The £60m. turnover Brockhouse Group has changed the name of its holding company, J. Brockhouse and Co., to Brockhouse.

STAMP AUCTION

Stanley Gibbons will hold a 1,100-lot Great Britain stamp auction at its London salerooms on April 7-9. The sale is expected to gross £50,000.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
To-day	Indian Electric Motors and Switchgear (cl. Apr. 2)	28-30, Cork Street, W.1
Current	Boat Show '76 (cl. Mar. 7)	Belle Vue, Manchester
To-day	Intnl. Men's and Boys' Wear Exbn. (cl. Mar. 4)	Earls Court
To-day	Tunnelling '76 International Exhibition (cl. Mar. 5)	Cunard Hotel, Hammer
Mar. 2—5	Italian Knitwear Exhibition	Italian Trade Centre, W
Mar. 9—11	EIA Engineering Exhibition	Queens Hall, Leeds
Mar. 9—11	Electro-Optics Exhibition	Metropole Centre, Brig
Mar. 9—11	Reproduction Furniture Exhibition	West Centre Hotel, S.
Mar. 9—20	Chelsea Antiques Fair	Town Hall
Mar. 15—18	National Carpet Fair	Winter Gardens, Black
Mar. 15—19	Furniture Production Exhibition	Nat. Exbn. Centre, B'h
Mar. 15—19	Process Control Instrumentation Exhibition	U.S. Trade Center, W.
Mar. 16—18	Sound '76 Public Address Equipment Exbn.	Bloomsbury Centre Ht
Mar. 16—20	Building and Public Works Exhibition	Kelvin Hall, Glasgow
Mar. 18—25	Euro Arts and Crafts Exhibition	Bingley Hall, Birmingh
Mar. 20—21	London Dinghy Exhibition	Edmonton
Mar. 21—24	Autumn Shoes Exhibition	Exhibition Centre, Ha
Mar. 29—Apr. 1	Pulp, Paper and Board Exhibition	Metropole Centre, Brig
Mar. 29—Apr. 2	Int. Brewing, Bottling and Allied Trades Ex.	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITION

Date	Title	Venue
Current	International Mechanical Handling Ex. (cl. Mar. 4)	Basle
Current	International Boat Show (cl. Mar. 7)	Stockholm
Current	International Tourism-Exchange Exbn. (cl. Mar. 7)	Berlin
Current	Ideal Home Exhibition (cl. Mar. 14)	Paris
Current	European Fashion Fair (cl. Mar. 3)	New York
Mar. 7—14	International Agricultural Machinery Exbn.	Paris
Mar. 8—14	International Audio Exhibition	Paris
Mar. 8—27	International Trade Fair	Cairo
Mar. 11—21	International Motor Show	Geneva
Mar. 12—19	Intl. Agricultural and Animal Farming Fair	Verona
Mar. 12—21	International Sailing Boat Show	Amsterdam
Mar. 13—21	International Book Fair	Brussels
Mar. 14—21	International Spring Fair	Liepzig
Mar. 15—20	Spring Clothing Fair	Beograd
Mar. 18—21	International Fashion Fair	Copenhagen
Mar. 19—22	LAVASTIR '76	Milan
Mar. 20—29	Lyons International Fair	Lyons
Mar. 23—27	European Educational Materials Exbn.	Basle
Apr. 1—4	Heating, Air-cond., Environment Technics Fair	Vienna
Apr. 5—10	International Exbn. of Electronic Components	Paris
Apr. 5—12	British Technology for Malaysia Exhibition	Kuala Lumpur

BUSINESS AND MANAGEMENT CONFERENC

Date	Title	Venue
Mar. 3	Decimus: Communications Crisis in Industry	Quaglino's, Bury St.; S
Mar. 3—4	Financial Times and Investors Chronicle: The City in National and International Finance	Royal Lancaster Hotel,
Mar. 3—5	Urwick Man. Centre: Conditions of Contract	Slough, Bucks.
Mar. 4	Trent Polytechnic: Crisis Management 1976	Novotel, Sandiacre, Nc
Mar. 8—9	Sussex Univ.: Crisis in Capitalist Planning	Brighton
Mar. 8—11	Assoc. Cert. Acc.: Accounting Aspects of Planning and Control	Hotel Russell, W.C.1
Mar. 8—12	Kepner-Tregoe: Decision Mkg. for Senior Man.	Int. Airport Hotel, Du
Mar. 8—12	P-E Cons. Grp.: Planning and Control of Production	Training Centre, Egha
Mar. 8—19	Bradford University: Personnel Policy	Heaton Mount, Bradfo
Mar. 9—10	Brunel Univ.: Employee Surveys	Uxbridge, Middlesex
Mar. 10—11	Financial Times, Varig Brazilian Airlines, Investors Chronicle: Business with Brazil	Intercontinental Hotel Rio de Janeiro
Mar. 11	Fielden House: Dismissals—Fair or Unfair	Bury
Mar. 11	N.E. Administration: Clerical Productivity	Swallow Hotel, Newca
Mar. 12	Focus Research: Foreign Investment in Venezuela	Waldorf Hotel, W.C.2
Mar. 12—15	Man. Studies: Managing the Smaller Company	St. Peter Port, Guern
Mar. 15—16	Food Manufacturers' Federation Conference	Grosvenor House Hote
Mar. 17	Inst. of Credit Man. National Conference	Hilton Hotel, W.1
Mar. 17—18	Financial Times: Industrial Relations in 1976	Royal Lancaster Hotel
Mar. 18	WTI: Trading Opportunities in EEC and EFTA	World Trade Centre, E
Mar. 18	Henley Centre: Britain in the 1980's	Carlton Tower Hotel,
Mar. 21—26	RPN: Safety in Food Processing and Packg. Ind.	Fanhams Hall, Ware
Mar. 22—25	North Wales Univ.: Financial Institutions	Chartered Ins. Inst., E
Mar. 22—26	ICMA: Liquidity Management	Sheffield University
Mar. 23	Inst. of Structural Eng.: Offshore Technology	Sheffield University
Mar. 23—24	BIM: Man. Scarce Resources in Public Service	Durham University
Mar. 24	Management Science in Banking and Finance	Imperial College, S.W
Mar. 24	Inst. of Directors: Capital Transfer Tax	Royal Garden Hotel, W
Mar. 25	Econ. Models: Forecasts for Euro. Automobile Ind.	EM House, S.W.1
Mar. 25—26	Oyez: Isle of Man as a Financial Centre	Palace Hotel, Douglas
Mar. 25—27	Inst. Admin. Man.: Pruning Admin. Overheads	Highcliff Htl. Bournem
Mar. 26	Stanford Research Inst.: Decision Analysis	Inst. of Directors, S.W
Mar. 30	BACIE: Television in Training	Goldsmith's College, S.

LABOUR NEWS

Post Office union seeks State cash for parcel service

BY DAVID CHURCHILL, LABOUR STAFF

FEARS that the Post Office plans to rundown and eventually to abolish its parcel services have prompted the 190,000-strong Union of Post Office Workers to *ask the Government for cash to* keep the service operating.

Mr. Tom Jackson, general secretary of the union, claimed yesterday that next months proposed 25 per cent. increase in parcel rates was part of a new Post Office strategy to keep increasing charges until money could be made on "a very small volume" or the service was abandoned through lack of use.

The Post Office workers' attack on the pricing policies comes after a similar argument put forward by the rail unions last week in opposition to British Rail's plan to increase fares and cut services.

Leaders of the three rail unions are meeting to-day to finalise their joint approach to the Prime Minister *on the fare* rises, which they say will cut passenger volume substantially and lead to higher fares.

The Post Office was also under fire yesterday for its proposals to cut services, such as Saturday deliveries, which the Post Office Users National Council "*deplored*," and prompted a call by Conservative MP Mr. Geoffrey Finnsberg for the resignation of Sir William Ryland, the Post Office chairman.

Mr. Jackson said yesterday that the union supported the Post Office's "*massive economy drive*" as a means of making the postal services more cost efficient, but he was angry over the proposed parcel rate rises because they had been introduced without consultation with the union.

There was substantial spare capacity within the Post Office which carried higher fixed costs irrespective of volume, but the continual increase in prices which produced a lower volume of business "stands normal commercial practice *on its head*."

Mr. Jackson is confident that there will be no increases in letter post charges this year

ASTMS ballot victory

BY OUR LABOUR STAFF

MORE THAN 800 senior scientific and profesional staff at the Albright and Wilson chemical group will be represented by the Association of Scientic, Technical and Managerial Staffs after a ballot of staff.

ASTMS said yesterday that 67 per cent. of the Albright and Wilson senior staff had voted in favour of representation by the union, although it had less than half as members. ASTMS already represents about 2,500 junior scientific and professional grades within the company.

The union said yesterday that the Albright and Wilson ballot was its first success at representing senior managerial staff in the chemical industry.

It is challenging the result of a recent ballot at ICI where the Association of Professional Scientists and Technologists, a non-TUC union, won the right to represent about 9,000 senior managerial staff.

TUC ANNUAL ECONOMIC REVIEW

Active role is sought for Enterprise Board

GOVERNMENT moves to improve the flow of funds to industry, restrict imports of certain key goods and reduce unemployment levels are recommended in the TUC's annual economic review published to-day.

Further details of how the TUC would like to see almost £2bn. injected into the economy in the April Budget are included in chapters of the review to be released to-morrow.

Those released to-day centre largely on the development of industrial strategy where the TUC underlines the National Enterprise Board's "prime" role.

The TUC maintains it is vital that the NEB should not be hindered by unnecessary restrictions and should have the maximum freedom to act in takeover situations. "It should not have to obtain the agreement of Boards of directors where it can find willing sellers of shares, and it should not have to delay purchases of shares in such circumstances while formal Government approval is sought," says the review.

The TUC look forward to NEB undertaking a "very active role" in the coming year in the acquisition of companies, the setting up of new manufacturing industry, the financing of stockbuilding programmes and action to remove bottlenecks.

Slow progress

It further suggests that when fully operational, the NEB should be empowered to spend £1bn a year as against the £1bn for five years provided under the Industry Act.

"Disturbed" at the slow progress being made in the implementation of planning agreements, the TUC—which wants the Government to set a target of 100 planning agreements with top companies by 1978—calls on the Government to remedy the situation both by the use of its public purchasing policy and by offering special assistance for investment programmes agreed to in the context of planning agreements.

This could be achieved if the Chancellor introduced an *investment reserve fund claims* the TUC, although it recognises that it would be hard to start such a fund at a time when company profits are relatively low. Accordingly, it calls on the Government to provide "pump priming finance."

Once the scheme is fully operational the TUC envisages the Government being able to offer a lower rate of Corporation Tax for those companies in the scheme. Expenditure from the fund should be for investment projects which have been agreed on by the Government in the context of planning agreements.

The TUC also want banks to be obliged to make compulsory interest free deposits with the Bank of England which would only be released in line with a banks lending to manufacturing industry at concessionary rates agreed on by the Bank of England.

In addition, the TUC says there is a very strong case for financial institutions providing more medium and long term finance in the primary capital market. *Development of consortia of* institutions to directly take shares in companies and influence the running of them is suggested, but the TUC maintains this would also necessitate greater Government supervision and control, possibly through the NEB.

On stockbuilding the TUC welcomes the Government's decision to finance stockbuilding by the British Steel Corporation and the National Coal Board and urges that concessionary Government loans be made available to finance similar operations in the machine tool paper-making industries.

The TUC argues that increased investment in some nationalised industries would also go a long way towards helping the hard-pressed *machine tool industry*. The lifting of the temporary freeze on the British Leyland capital investment programme, a further examination of the Post Office ordering programme and a major export effort by British Rail Engineering are all suggested.

An additional £100m. allocation for local authority housebuilding during 1976 and the doubling of the temporary employment subsidy to £20 a week are included in measures designed to reduce unemployment. Others include a call for a Government veto on large-scale redundancies for six months during which time the Temporary Employment Subsidy would be paid on the Government's initiative rather than the company's and a new labour subsidy paid to companies establishing new jobs in areas of high unemployment.

Import curb

Immediate action to reduce the growth of imports to ensure that in the coming three years they rise no faster than total domestic demand is also urged The TUC calculates that by preventing an acceleration in the growth of imports approximately £1.35bn. a year can be saved on the balance of payments.

It is suggested that the Government, the TUC, CBI and the National Economic Development Office monitor progress on import penetration on a monthly basis as part of the Government's industrial strategy.

Motors, car components, electronics, *cutlery, textiles, clothing* and footwear are all sectors picked out for immediate protection by way of temporary selective import quotas.

In addition, the TUC wants a company's import-export balance *to be included in planning agreements* thus enabling the Government to influence the extent to which large companies import goods.

The pegging of top salaries at around £20,000 a year is urged in a chapter of the review on inequality which also calls on the Government to include a Wealth Tax in the autumn Finance Bill and move towards a situation where retirement pensions are 33 per cent. of average earnings for men and 50 per cent. for a married couple.

Pension rise

On the distribution of wealth, the TUC suggests that salaries for top civil servants, judges and nationalised industry chairmen, be related to median earnings by establishing a ratio of about seven to one. The present median is about £2,900.

A £3.30 a week pension rise for a married couple from July is urged as a starting point for linking pensions to average earnings. Improved national insurance benefits and family allowances are also urged as are tax changes designed to hit the higher paid and benefit the lower-paid.

SOGAT members defy court order

By Our Labour Correspondent

A LONG-RUNNING dispute over London area distribution of Sunday newspapers has ended in the High Court.

Distributors from the fringe of the London area who are not party to agreements between the Newspaper Publishers' Association and the major London distributors, including W. H. Smith and John Menzies, have won an interim injunction requiring six Sunday newspapers to deliver their orders by 4.30 a.m. on Sunday morning.

In spite of the emergency injunction, ordered by Justice Templeman on Saturday, the newspapers were unable to comply, because many members of the Society of Graphical and Allied Trades defied their union's instruction by dispatching newspapers to the main London distributors first.

Jobs in jeopardy

SOGAT members are opposed to the fringe distributors—who they see as non-union "pirates"—because they fear that they are placing their *jobs in jeopardy*.

The union's members have insisted in recent weeks that fringe operators should receive their Sunday newspapers after other main distributors.

Saturday's interim injunction was designed to force the newspapers—the Daily Mirror Group, Beaverbrook Newspapers, the News of the World, The Observer, the Thomson group and the Sunday Telegraph—to revert to earlier arrangements under which the outer London distributors received their newspapers first.

To-morrow, the matter will be the subject of a full High Court hearing.

BAC men plan job cuts lobby to-morrow

By Our Labour Staff

WORKERS from the British Aircraft Corporation's factory at Filton, near Bristol, plan to lobby MPs to-morrow in protest at redundancies caused by the lack of new orders for Concorde.

Nearly 800 workers at BAC factories in southern England were made redundant on Friday, leading to a mass meeting at the Filton factory which voted in favour of limited industrial action in opposition to the redundancies.

The cuts in the workforce were part of BAC's planned reduction which will amount to 2,400 fewer jobs by May, in line with the completion of work on the Concorde project, which now seems likely to end with 16 aircraft.

At Filton, 350 workers received redundancy notices on Friday; at Weybridge, Surrey, 220; at Hurn, near Bournemouth, 133 and at Fairford, Gloucestershire, 80. BAC said that more people than expected had already left voluntarily for various reasons.

The corporation said that workers made redundant will represent about 32 per cent. of those leaving. There has been significant transfers to other work, natural wastage and retirements.

Last Tuesday, union pickets blocked all the main gates to Filton, preventing 4,000 employees, including workers from the adjoining guided weapons division, from entering for two hours. A number of workers have *already transferred to this division*.

SINKING FUND REDEMPTION NOTICE
to the holders of

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 31, 1976 by operation of the Sinking Fund provisions of said Notes $2,000,000.00 principal amount of General Cable International N.V.'s Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of $1,000 bearing the prefix M to be redeemed in whole.

18	435	814	2982	3381	3812	4169	4683	5068	5395	5696	6056	6370	6620	6980	7442
26	455	846	2988	3388	3829	4175	4690	5076	5415	5698	6063	6379	6632	6983	7461
46	478	860	2991	3397	3830	4190	4694	5080	5421	5724	6082	6385	6636	6997	7470
47	486	862	3083	3433	3840	4195	4704	5088	5424	5737	6091	6390	6639	7010	7472
51	489	886	3041	3436	3841	4198	4728	5116	5436	5757	6108	6394	6660	7016	7495
58	494	894	3043	3437	3867	4220	4737	5117	5437	5774	6109	6400	6715	7029	7534
62	506	908	3061	3442	3876	4241	4739	5125	5440	5813	6114	6408	6739	7058	7540
99	508	924	3062	3447	3890	4245	4770	5137	5453	5818	6122	6414	6742	7065	7565
105	534	953	3079	3450	3899	4260	4778	5146	5477	5836	6148	6418	6752	7067	7574
110	553	963	3090	3456	3917	4276	4788	5149	5480	5837	6167	6420	6760	7088	7609
120	555	976	3098	3459	3951	4278	4805	5152	5493	5847	6185	6422	6765	7094	7620
124	556	977	3119	3477	3956	4298	4807	5153	5495	5850	6188	6423	6771	7124	7628
137	595	997	3129	3508	3957	4324	4808	5171	5497	5868	6196	6426	6795	7132	7648
146	582	1018	3156	3522	3961	4344	4821	5183	5499	5881	6201	6441	6803	7142	7655
183	605	1025	3158	3526	3963	4348	4825	5214	5500	5887	6210	6452	6812	7162	7687
187	621	1034	3171	3531	3965	4353	4831	5226	5504	5889	6219	6454	6826	7165	7706
188	632	1058	3202	3542	3970	4362	4853	5255	5515	5896	6220	6456	6829	7169	7707
197	639	1076	3206	3568	3977	4384	4862	5263	5535	5911	6229	6476	6844	7170	7713
233	644	1079	3229	3615	3987	4390	4868	5272	5549	5921	6234	6486	6850	7207	7741
240	645	1082	3243	3645	3994	4424	4881	5279	5575	5923	6239	6488	6871	7211	7751
242	649	1089	3268	3650	3995	4435	4885	5294	5596	5972	6262	6489	6876	7252	7777
243	675	1090	3289	3682	4006	4446	4904	5306	5624	5973	6282	6501	6881	7256	7802
270	678	1121	3301	3684	4019	4466	4935	5331	5628	5981	6289	6507	6894	7277	7822
285	697	1141	3307	3688	4029	4473	4937	5333	5632	5983	6296	6516	6898	7291	7824
331	709	1143	3314	3691	4035	4478	4949	5342	5638	5987	6312	6523	6900	7318	7835
349	718	1164	3322	3694	4038	4529	4964	5348	5646	5990	6320	6524	6901	7353	7842
356	739	1173	3324	3702	4041	4539	4973	5359	5677	5997	6339	6567	6912	7357	7856
361	754	1177	3335	3710	4060	4554	4993	5367	5682	5998	6341	6585	6940	7362	7858
393	774	2931	3366	3745	4101	4588	5000	5374	5684	6015	6343	6586	6951	7366	7866
398	798	2947	3368	3765	4159	4639	5044	5375	5686	6028	6346	6590	6954	7379	7868
410	799	2961	3369	3773	4165	4663	5052	5379	5687	6032	6348	6597	6964	7414	7880
428	801	2975	3371	3803	4166	4665	5055	5381	5695	6054	6354	6600	6976	7433	7886

Notes in the principal amount of $10,000 bearing the prefix X and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
*2	$1,000	382	$1,000	646	$1,000	897	$1,000	1109	$1,000	1222	$1,000
9	1,000	390	1,000	658	2,000	909	1,000	1112	3,000	1225	1,000
14	3,000	391	1,000	661	1,000	914	1,000	1114	2,000	1230	3,000
17	1,000	398	2,000	665	2,000	916	1,000	1120	2,000	1231	1,000
40	2,000	403	1,000	668	2,000	917	2,000	1122	1,000	1233	1,000
52	1,000	404	2,000	670	1,000	923	1,000	1124	1,000	1234	1,000
73	1,000	408	1,000	682	1,000	931	1,000	1127	1,000	1235	3,000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*XX—$1,000 to be Redeemed for the 3/31/76 Sinking Fund.

Notes in the principal amount of $100,000 bearing the prefix C and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
362	9,000	373	13,000	384	5,000	395	9,000	406	5,000	417	10,000
363	12,000	374	3,000	385	6,000	396	10,000	407	4,000	418	12,000
364	13,000	375	5,000	386	11,000	397	12,000	408	6,000	419	12,000
365	8,000	376	10,000	387	9,000	398	7,000	409	6,000	420	9,000
366	15,000	377	18,000	388	17,000	399	13,000	410	8,000		
367	12,000	378	12,000	389	12,000	400	4,000	411	7,000		

Notes in the principal amount of $500,000 bearing the prefix D and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
38	$41,000	40	$43,000	42	$27,000	44	$54,000	46	$47,000
39	53,000	41	54,000	43	39,000	45	46,000	47	55,000

The above listed Notes selected for redemption (or portion of the principal amount of any Notes to be redeemed in part only) shall become due and payable on March 31, 1976 and thereafter interest thereon will cease to accrue. The aforesaid redemption price payable with respect to the Notes or portions thereof selected for redemption will be paid upon presentation and surrender thereof together with all appurtenant coupons maturing subsequent to March 31, 1976 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts at the option of the holder at Irving Trust Company, Corporate Trust Department, One Wall Street, New York, New York 10015 or at its office in London or at the office of S. G. Warburg & Co. Limited in London or at the office of Banque Internationale à Luxembourg in Luxembourg as provided in paragraph 1 of said Notes subject to the restrictions stated therein.

The holder of any Note which is redeemed in part only upon surrender thereof as above provided may obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Notes of authorized denominations.

Unpaid interest instalments which shall have become due on or prior to March 31, 1976 shall continue to be payable to the bearers of the coupons which shall have matured, and the amount payable to the holders of Notes presented for redemption shall not include such unpaid instalments of interest unless coupons representing such instalments shall accompany the Notes presented for redemption.

GENERAL CABLE INTERNATIONAL N.V.
By IRVING TRUST COMPANY, *Fiscal Agent*

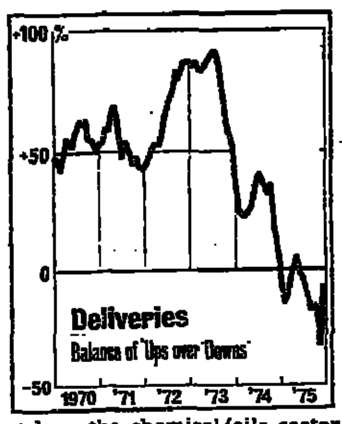
Dated: February 27, 1976, New York, New York

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

A more hopeful trend

INDUSTRY HAS become much more optimistic both about individual corporate prospects and about the state of the economy in general. Indeed, the all-industry indicator of business confidence has now reached its highest level since July, 1973, with just over half the total sample expressing increased optimism and only 8 per cent. taking the contrary view.



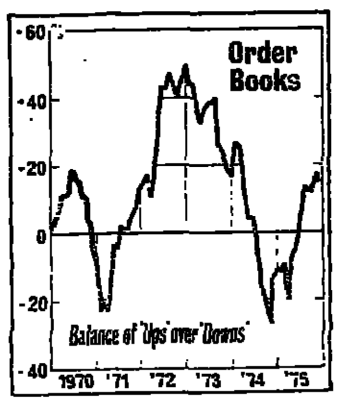
The improved note of confidence is however tinged with caution and it is not shared equally by all sectors of industry. Although all three sectors interviewed last month—mechanical engineering, chemicals/oils, and shipping/transport—were reporting an upturn in orders, the chemical/oils sector were more inclined to expect the improvement to be concentrated in overseas markets rather than at home, some engineering firms were basing their optimism on the belief that, though business had not actually improved as yet, it should do so soon, and in shipping and transport, where conditions were still generally depressed, improved confidence rested largely on the better world situation.

The different timing of recovery here and abroad is further underlined by the latest *indicator for export prospects.* Both enineering and the chemicals/oils sector were more inclined to expect an improvement in exports over the coming twelve months than when they were last interviewed in October and this has further improved our export indicator.

ORDERS AND OUTPUT

On the turning point

THE LATEST indicators of orders and output suggest that the turning point in the economic cycle may have come. All three sectors interviewed *last month were more inclined* to report higher levels of new orders than when they were last sounded four months ago. Except in the chemicals/oils sector, the improvement was not sufficient to seep through to deliveries, but all three sectors were taking a more bullish view about production or turnover over the next 12 months and, as a result, the indicator of forward production/turnover expectations has improved for the fourth month running.

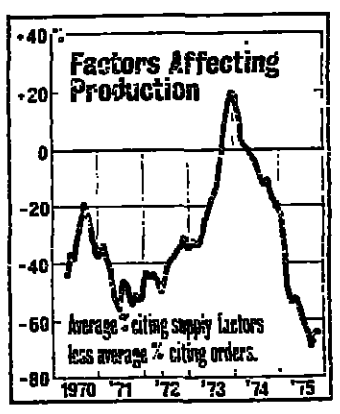


However, several companies in the oils/chemicals and shipping/transport sectors made the point that they expected the improvement in turnover to take place largely overseas. Engineering companies said that, because so much spare capacity was about, customers were inclined to delay placing orders until the last minute. The conditions in shipping and shipbuilding were still generally depressed. And the recovery, such as it was, in chemicals owed a good deal to the end of destocking.

CAPACITY AND STOCKS

Recovery setting in

FURTHER SIGNS of a possible change of trend can be seen in the latest indicators of capacity working, production factors, stocks, and forward purchases. In all three sectors covered last month the percentage of firms claiming to be operating at or above planned output levels had increased — although capacity utilisation generally was of course still at a very low level.



The extent to which demand factors are dominating production schedules has also tended to level out in recent months, as the chart indicates. Even so, it is remarkable to see so many engineering companies already complaining about one or other supply constraint. They may be marginal but they inject an ominous note. Among the shortages noted were production capacity, skilled factory staff, motors, castings, and diesel engines. Fears were also expressed about the possibility of millde management leaving for better-paid jobs as demand picks up.

Compared with October, when this month's sectors were last interviewed, engineering and the chemicals/oils sector are more inclined to expect stocks to increase over the coming 12 months, though their views about current stock levels suggest that the re-building process may be modest.

CAPACITY WORKING

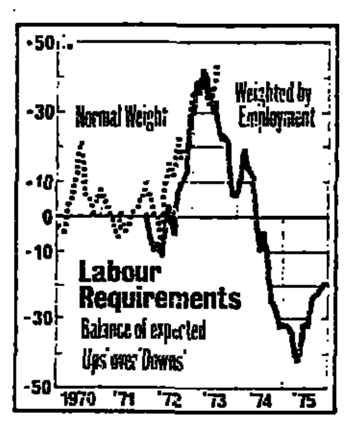
4 monthly moving total — February 1976

	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Above target capacity	7	6	5	7	—	9	—
Planned output	38	32	44	39	63	41	62
Below target capacity	54	58	47	50	36	46	38
No answer	1	4	4	4	1	4	—

INVESTMENT AND LABOUR

Next year, sometime . . .

THE SIGNS of recovery beginning slowly to set in is good news in the long run for employment prospects. But the impact upon labour recruitment is likely to take some time to show through. This is indicated by the latest figures for forward manpower requirements. The balance between "ups" and "downs" has been tending to improve for the last six months, but the net balance is still downward with *almost half the lower* all-industry sample expecting no change, more than a third expecting a further decline in numbers, and less than a fifth expecting to increase the size of their labour force over the coming twelve months. In short, the downturn in the labour market is slowing down: but no upturn is in sight yet.

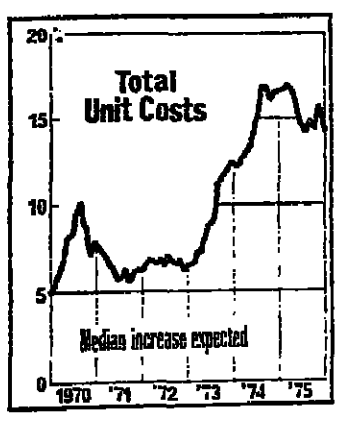


Much the same can be said about capital investment intentions. The indicator has edged back this month, principally because of the chemicals/oils and shipping/transport sectors. Or a larger perspective the overall *trend has been improving*, but in absolute terms the balance of intentions is still downward, albeit less so than before.

COSTS AND PROFIT MARGINS

Inflation in double figures

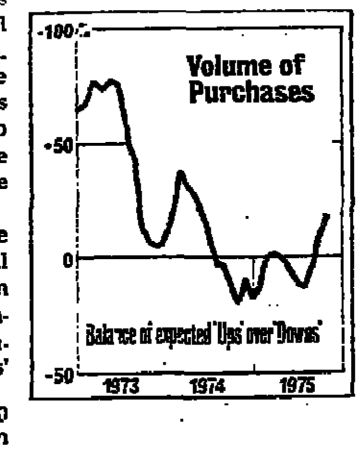
ON THE whole industry's expectations about inflation are still reasonably hopeful. Wage cost forecast have come back sharply since the £6 limit was imposed. The median forecast increase has fallen from over 21 per cent. to about 13-14 per cent., although there has been some tendency for the figure to edge up slightly in the last two or three months. On total unit costs, on the other hand, the median forecast increase has fallen from 17 per cent. to less than 13 per cent. and it is still tending to edge downward. Similarly for prices, where the median forecast increase has come back from 18 per cent. to 13 per cent. with all three sectors last month expecting the downward trend to continue.



These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives about their companies' situation and prospects.

Three industries and some 30 companies are covered in turn every month from a sample based upon the FT-Actuaries Index, which accounts for about 60 per cent. of the total turnover of all public industrial companies. The weighting is by market capitalisation, save where an alternative weighting is specifically mentioned.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month).



GENERAL BUSINESS SITUATION

4 monthly moving total — February 1976

Are you more or less optimistic about your company's prospects than you were four months ago?	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
More optimistic	52	41	36	31	70	96	32
Neutral	40	47	45	42	19	4	68
Less optimistic	8	12	19	27	11	—	—

EXPORT PROSPECTS (Weighted by exports)

4 monthly moving total — February 1976

Over the next 12 months exports will be:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Higher	77	72	69	62	51	100	25
Same	13	11	10	13	42	—	37
Lower	9	14	17	18	7	—	38
Don't know	1	3	4	7	—	—	—

NEW ORDERS

4 monthly moving total — February 1976

The trend of new orders in the last four months is:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Up	19	16	20	22	38	17	46
Same	20	16	15	12	4	38	1
Down	48	56	55	57	58	38	53
No answer	13	12	10	9	—	7	—

PRODUCTION/SALES TURNOVER

4 monthly moving total — February 1976

Those expecting production/sales turnover in the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Rise over 20%	2	1	1	1	4	4	1
Rise 15-19%	1	1	1	1	21	—	—
Rise 10-14%	12	5	2	1	21	37	15
Rise 5-9%	18	15	12	12	4	59	30
About the same	52	53	57	57	37	—	54
Fall 5-9%	1	4	4	4	10	—	—
Fall over 10%	1	4	5	4	—	—	—
No comment	13	17	18	20	3	—	—

STOCKS

4 monthly moving total — February 1976

Raw materials and components over the next 12 months will:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Increase	42	35	26	25	46	41	46
Stay about the same	39	42	56	53	28	59	54
Decrease	14	18	14	17	22	—	—
No comment	5	5	4	5	4	—	—
Manufactured goods over the next 12 months will:							
Increase	30	23	18	23	39	46	—
Stay about the same	38	45	52	43	14	46	15
Decrease	11	16	17	19	4	—	—
No comment	21	16	13	15	43	8	85

FACTORS CURRENTLY AFFECTING PRODUCTION

4 monthly moving total — February 1976

	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Home orders	86	87	92	87	100	100	77
Export orders	57	54	58	52	100	100	82
Executive staff	10	10	4	1	4	—	—
Skilled factory staff	2	4	4	5	10	—	1
Manual Labour	—	—	—	—	1	—	—
Components	8	9	15	12	22	—	1
Raw materials	11	9	7	6	30	4	—
Production capacity (plant)	5	4	1	1	15	—	—
Finance	5	5	4	1	32	—	—
Others	7	9	3	3	—	—	30
Labour disputes	5	7	13	18	17	—	—
No answer/no factor	2	2	1	1	—	—	15

LABOUR REQUIREMENTS (Weighted by employment)

4 monthly moving total — February 1976

Those expecting their labour force over *the next 12 months to:*	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Increase	18	16	9	8	19	26	6
Stay about the same	45	47	60	60	60	74	41
Decrease	37	37	31	32	21	—	53

CAPITAL INVESTMENT (Weighted by Capital Expenditure)

4 monthly moving total — February 1976

Those expecting capital expenditure over the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Increase in volume	23	35	36	35	11	61	9
Increase in value but not in volume	18	13	6	5	37	—	42
Stay about the same	11	12	18	21	25	—	—
Decrease	48	39	40	39	21	39	49
No comment	—	1	—	—	6	—	—

COSTS

4 monthly moving total — February 1976

Wages rise by:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
0-4%	1	—	—	—	—	9	—
5-9%	8	6	6	6	14	—	46
10-14%	43	50	51	52	75	38	16
15-19%	36	33	31	28	10	41	38
20-24%	4	4	4	4	—	—	—
25-29%	—	—	—	—	—	—	—
30%+	2	2	—	—	—	—	—
Same	1	1	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
No answer	5	4	8	10	1	12	—
Unit costs rise by:							
0-4%	6	—	—	—	10	37	—
5-9%	13	10	8	12	5	9	30
10-14%	27	28	23	30	38	41	62
15-19%	38	39	38	28	24	—	8
20-24%	5	7	7	6	—	—	—
25-29%	—	4	6	6	—	—	—
30%+	—	—	—	—	1	—	—
Same	—	—	1	1	—	—	—
Decrease	1	—	—	—	—	9	—
No answer	10	12	17	17	22	4	—

PROFIT MARGINS

4 monthly moving total — February 1976

Those expecting profit margins over the next 12 months to:	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %
Improve	27	25	21	20	26	12	32
Remain the same	21	25	30	31	39	9	46
Contract	47	42	42	42	4	79	22
No comment	5	8	7	7	31	—	—

EEC is best[illegible] say carpet maker

BY OUR INDUSTRIAL STAFF

THE EUROPEAN Community has become Britain's principal market for carpet exports, according to figures released by the British Carpet Manufacturers' Association.

Against the general downward trend in carpet exports, business with the Community increased last year to £30.5m., compared with £26.9m. the previous year. The principal growth areas were Eire, Denmark, France, West Germany and the Netherlands.

For the year as a whole exports dropped to £74m. from £84m. in 1974. Trade by volume also declined, from 36m. square metres to 28.3m. square metres.

The Association draws some comfort from the figures, which it says confirm the industry's optimism that export business has turned the corner and that increases in both value and volume will be reco[illegible] year.

Sales to the EFTA last year at £17.6m., ar[illegible] as "disappointing." Th[illegible] in exports to the Com[illegible] countries, at £14.42m., mainly upon the hea[illegible] restrictions imposed by and slow trade in Can[illegible]

'Cut mortg[illegible] rates'–MP

A LABOUR MP yester[illegible] on the Government [illegible] building societies to [illegible] gage rates.

Mr. Walter Johnso[illegible] South) is to table [illegible] questions to the Chance[illegible] the "scandal" of [illegible] mortgage rates.

"When will some Go[illegible] Minister have the gut[illegible] on the building soci[illegible] make them reduce the[illegible]" he said.

"With the bank rat[illegible] to 9½ per cent., enorm[illegible] which they do *not* re[illegible] being accumulated [illegible] societies.

"It is estimated t[illegible] £1.5bn. of excess liqu[illegible] this at a time when th[illegible] industry is starved of [illegible] there is serious unem[illegible] in that industry."

هكذا من الأصل

Quick response expected to paper industry grants

BY LORNE BARLING, INDUSTRIAL STAFF

THE PAPER industry is expected to respond quickly to the forthcoming Government offer of about £23m. in selective investment grants. Doubts have been expressed, however, about the lack of measures to stabilise the vitally important waste paper market.

The scheme, which has yet to be approved in Brussels, is heavily weighted towards stimulating the use of domestic raw materials, particularly waste paper, providing for a 25 per cent. grant on investment in related equipment.

The recent slump in demand for waste has damaged the confidence of collectors.

The thinking behind the aid programme, which will provide £10m. in grants towards new plant using indigenous raw material and £10m. for working capital and stocks in combination with the new plant, is that it will create greater demand for waste paper and, consequently, greater supply.

Some sections of the industry believe that it will not overcome the persistent problem of large fluctuations in demand for waste. They say that the Government should still consider funding a stockpile of waste paper to regulate the market. Greater depndence upon waste would make this even more important.

The effect of the grants, which includes a provision of £3m. for new schemes in the use of waste paper, will certainly be to speed investment plans of many mills.

Companies such as Bowater, which have mills in regional development areas, could benefit from grants of more than 40 per cent. on some projects. A regional development grant of 25 per cent. could be supplemented by the 25 per cent. Department of Industry grant on the remaining sum.

Mills manufacturing grades of paper and board with a high waste content also stand to gain most, as do pulp mills which require to convert to the newer termo-mechanical process. Two big companies have already said that they intend to bring forward investment plans.

Many smaller companies which produce high quality paper and rely heavily on imported pulp can draw little encouragement from the grants proposal. Significantly, it is in this sector that there could be closures before demand rises to profitable levels.

Big companies have been told in discussions with the Department of Industry that the grants will have "no strings attached." but at least one has expressed concern at the prospect of accepting State aid in any form.

It has also been pointed out that £23m. is a comparatively small sum to be spread across an industry notorious for high capital expenditure on long-term projects. Reed Paper and Board (U.K.), for example, has recently spent £5.5m. on refurbishing one machine to use 100 per cent. waste paper.

Hovercraft are to be lengthened

By Our Industrial Staff

BRITISH Hovercraft Corporation is negotiating details of a £6m. contract to lengthen the two Seaspeed SRN 4 hovercraft.

The corporation said last night that British Rail had given authority for the work to go ahead and it was hoped to have the first lengthened craft in service next year.

The two craft — Princess Margaret and Princes Anne—are operating on the Dover to Calais and Boulogne routes. Capacity of each craft will be increased from 254 to 416 passengers and from 30 to 60 cars.

According to the corporation, the lengthening of the craft will achieve 70 per cent. increase in payload with only 15 per cent. increase in operating costs.

Operation of the extended craft is expected to provide valuable information to the corporation for developing its next generation of hovercraft.

Highland relay

The Independent Broadcasting Authority's new UHF television relay station, Auchmore Wood, near Muir of Ord, in the Highlands, will begin transmissions on Friday, carrying the programmes of Grampian Television on channel 25.

Exports of commercial vehicles continue to rise

BY TERRY DODSWORTH

THE TREND towards a greater reliance on commercial vehicles and components in Britain's motor industry exports, which became a marked feature during last year, accelerated in January.

Despite inflation, the value of car exports rose by only 0.6 per cent. to £49m., compared with the same period in 1975. But commercial vehicle exports went up by well over 40 per cent. and components by 25 per cent.

Commercial vehicle exports, worth £39.7m., are now pushing steadily ahead to the kind of overseas earnings made by cars. At the same time, car imports at £52.3m. for the month, again outweighed the value of car exports.

A healthy increase of 25 per cent. in the value of component exports was again registered, although component imports also went up by 20 per cent. Exports last month were worth £104.6m., accounting for 43 per cent. of all motor exports, against component exports of £32.4m.

Overall, the motor industry had a strong balance of exports over imports. At £242m. for January, exports were 22.5 per cent. higher than in the same month last year.

Imports rose by 15.5 per cent. to £98m., giving an earnings surplus of £145m.

Spending cuts 'threaten trunk road schemes'

FINANCIAL TIMES REPORTER

GOVERNMENT cuts in transport spending threaten more than 60 trunk road schemes, according to the British Road Federation.

All the schemes, including major links with the ports, were due for construction in the late 1970s or early 1980s.

The Federation maintains that the Government's cut of £170m. in projected expenditure will "bite deeply" into motorway and trunk road construction.

Mr. Robert Phillipson, the Federation director, said: "Traffic will increase as the economy recovers, yet this fact has been blandly ignored while the Government panders to pressure from the rail unions."

On the Federation's list of threatened roads is at least 150 miles of motorway, including 50 miles of the M25 London outer orbital route and the extension of the M1 route to the north in Yorkshire.

COMPANY NOTICES

BUSINESS AND INVESTMENT OPPORTUNITIES

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PACKAGING

Easier to open the pack

LESS CHANCE of spillage, of fragments of lid in the contents, of broken lids (or broken nails), or of fibre tear-off when the container is opened, has been achieved by the development of a special lid-sealing adhesive by Norbury Packaging, Elsinore Road, Manchester M16 0NT (061-872 1221).

Applied to board or paper lids for pvc, polystyrene or foil containers for dairy products and convenience foods, the adhesive allows the lids to be heat-sealed in place, but is readily "peelable" when the container is opened.

The precision punched lids in high-quality board, with or without removal tabs, are stated to provide hygienic protection, and to be pilfer- and puncture-proof. The board enables graphic designs to be reproduced by litho printing, cheap enough for small quantities to enable small users to heat-seal their products on site, with their own design on the lid.

The heat-sealing equipment, jointly recommended by Norbury Packaging and Packaging Automation, of Wilmslow, ranges in cost, according to size and speed of operation, from £500 to £2,500.

Easy peel lids are also a feature of the first Hofliger and Karg TFA240 aseptic thermo-forming machine to be commissioned in the U.K. Made in West Germany, it is in production at the Milk Marketing Board's Kendal creamery.

The machine will produce individual portion cream pots of ultra high temperature sterilised (UHT) cream or milk at 18,000/hr., with a shelf life of six weeks. Main feature of the machine is that the container is formed, filled and sealed in totally sterile conditions—failure rate (unsterile contents) is stated to be 3 in 100,000.

Plastic for the container and preprinted foil/polyester laminate for the lid, are both reel fed. The pot has an easy snap-off tear tab to assist in peeling the lid, and a spout is shaped in the container lip. The lid is heat sealed. The containers currently hold 14 cc., but the machine can produce containers for quantities up to 500 cc. for other products.

It is marketed by Robert Bosch Packaging Machinery (U.K.), 163, Dukes Road, Acton, London W3 0SY (01-992 5084).

● DATA PROCESSING

Penetrating local government

ACCORDING to a recent Computing Services Association survey there are 1,700 different programs in use in local government of which 290 are for payroll alone.

In addition states the survey, computer usage in local government is growing at only 17 per cent./annum, compared with 38 *per cent. in private industry.*

But this apparent indictment of local government data processing policy was refuted in London last week by Hugh Screen of the Local Authorities Management Services Committee (LAMSAC).

He claims that insufficient regard has been taken of the fact that local government has been re-organised. There were now 350 district councils, all with populations exceeding 60,000 (the *level at which most mainframe* makers hope to make a sale). Each geographical county would support seven or eight of these, and they would take a service, often on intelligent terminals, from the county mainframe.

Business for most CSA members said Screen, would not lie in the area of payroll and rates packages, because local govern*ment employees had learned to* do this themselves, each authority (rightly or wrongly) having its own peculiarities.

Where authorities lacked *experience said Screen, was in* setting up distributed processing networks and in using mainframe assisted terminals for the special police and emergency services applications that were now springing up.

This is where CSA members should be looking for business and were on the whole failing to grasp opportunities because they were not making themselves aware of the new facts of life in local government.

Small but popular

THE ONE-THOUSANDTH ICL 2903 computer system to be installed world-wide is being set up for Wohnpunkt Mobel Herbert Bock KG, in Stuttgart, West Germany.

The 2903 for Herbert Bock is significant in that it will be replacing an IBM System 3/10 machine. Among the reasons for the choice was the fact that Bock was impressed by the systems design of the 2903 and the system's growth possibilities with high disc storage capacity, and the direct data entry and enquiry facility.

● COMPONENTS

Simplifies tee joints on pipes

AN INSTANT tee joint pipe outlet has been developed for compressed air, water, various chemicals and gases. It has a maxium working pressure of *300 psi at a temperature of 100* degrees C although tested to 600 psi. With a special seal temperatures of up to 200 degrees C are possible, it is claimed.

Called the Instant Tee, it can be fitted in minutes to new or existing pipework, eliminating cutting or dismantling.

The coupling consists of a split alloy ring with a Neoprene liner on both halves of the bore. Two socket screws clamp the ring to the pipe at any desired position. Both BSP and equivalent metric sizes are available from ½ inch to 2 inches with a single or double, male or female, outlet.

In certain circumstances it is possible to fit the Instant Tee under pressure by using a special drilling adaptor. It can be fitted to most pipes, such as iron, copper and plastics.

The joint is made by Applied Pneumatics, Charlton Mead Lane, Hoddesdon, Herts., EN11 0EX. (09924 60411).

● INSTRUMENTS

Assists in quality control

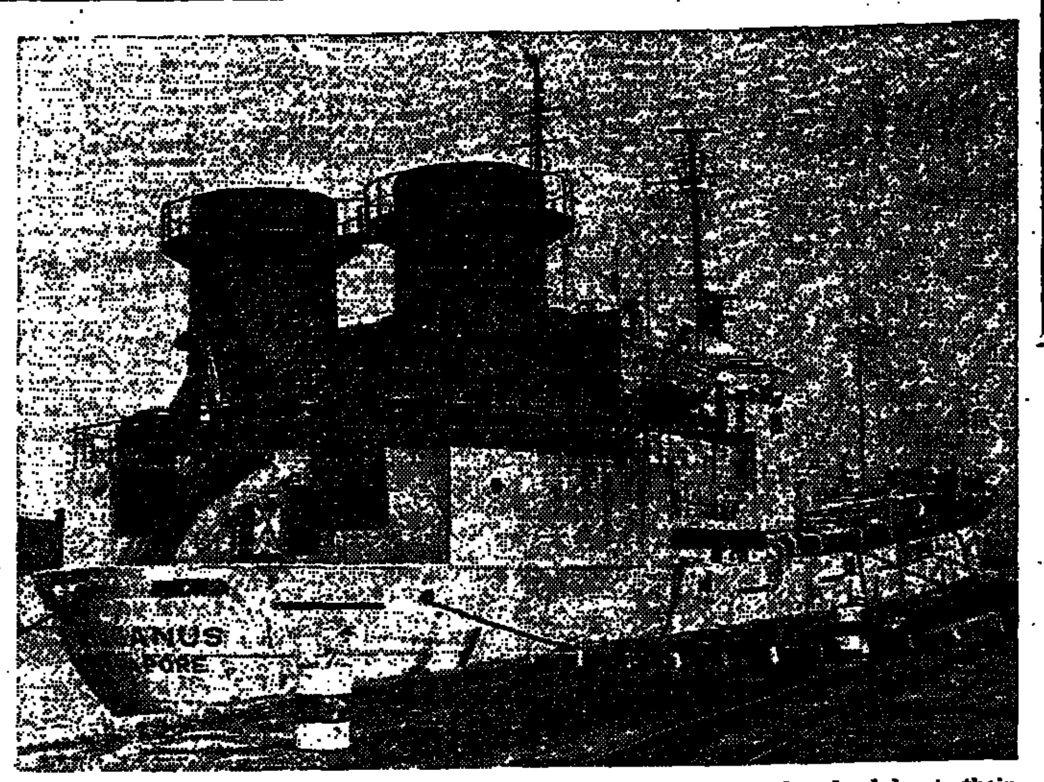
EQUIPMENT has been developed by MS Instruments as an aid *to quality control personnel* using sequential sampling techniques for batch inspection of mass-produced items.

It is a special purpose calculator for sampling as laid down in British Standard 6001, making a running calculation of the value of the expression $H-bx+y$ where *H is a preset handicap* b is the preset reject penalty and x and y are the number of reject and acceptable items respectively.

Values of H and b, which will vary according to the acceptable quality level in operation and are found from tables showing sequential sampling plans, are fed into the machine via thumb-wheel switches.

Following each accept (y) or reject (x) decision, entered either automatically or manually by push button, the expression is evaluated with the analyser seeking a result of either 2H for batch accept, or equal to or less than zero *for batch reject.* Audible indication of any decision reached is given.

The system costs between £550 and £600 and more details can be obtained from the company at Rowden Road, Beckenham, Kent BR3 4NA (01-650 7233).



This ship, owned by Ocean Combustion Services B.V., of Rotterdam, is designed to carry liquid toxic wastes out to sea and burn them in two specially constructed combustion chambers fitted on board. Gas or diesel oil is used to bring the combustion chambers up to the necessary temperature, usually 1,400 degrees C, with a maximum of 1,650 degrees C. Each chamber is fitted with three Saacke burners with rotating heads operating at 6,000 rpm and dealing with about 20 tons per hour between them. A normal shipload is about 4,000 tons. The Vulcanus is equipped to deal with *chlorinated hydrocarbons difficult and* expensive to dispose of on land due to their chloride content which cannot be released in heavy concentration since the fumes settle on the surrounding areas. By burning at sea the otherwise harmful fumes are deposited in the oceans, where the chloride is converted into hydrochloric acid, which the sea can absorb in considerable quantities without harm to marine life. Working under strict control from the Ministry of Agriculture, Food and Fisheries, the Vulcanus operates when visiting Britain from Barry although as trade develops other ports will be considered. The U.K. agent is Export Project Services.

● PRINTING

Fast auto screen printer

NOVEL screen process equipment by Excel Screen Process Supplies, Southall, Middlesex has gone into production.

Excelprint can be adapted to suit two alternative operating *functions. The basic machine is* a compact semi-automatic bench-top flat printer with a maximum cycle speed of 2,100 per hour (on automatic) subject to length of stroke. Automatic cycle is initiated simply by pressing a switch. When used as semi-automatic machine average print speed is approximately 1,000 impressions per hour depending on work piece and operator experience.

A print head has been designed as a completely self-contained unit and can be supplied separately for fitting over a conveyor production system to provide an in-line printing facility with automatic cycle, making it suitable for many applications in the packaging and processing industries.

Maximum print stroke of the Excelprint is 300 mm long x 150 mm deep, which is appreciably greater than most comparable machines. In addition the all-round accessibility of the printing bed allows for large over-hanging work pieces protruding from the sides or back of the machine to be loaded and printed with ease.

The Excelprint will accept work pieces up to 180 mm in *thickness allowing accurate* screen printing of such items as 5 litre square cans, boxes, containers and covers in plastic, metal or wood. As well as rectangular containers the machine will also print flat stock such as paper, card, fabric, plastic sheet and printed circuit boards.

Pneumatically operated (a valuable safety factor in hazardous areas) the unit is complete with filter and lubricator system.

Excel is on 01-574 5382.

● PRODUCTS

Air for all purposes

SPECIALISTS in air compression since the early 1920s, mainly for vehicle braking systems, the Clayton Dewandre Group last year set up Clayton Dewandre Industrial Products to exploit the industrial market, and the new subsidiary has recently announced ranges of both rotary vane and piston compressors.

Rationale behind the ranges is that quite frequently industrial users have to purchase compressors which are far from a perfect match to the application. The CDI range contains about 160 models with displacements from five to 150 cubic feet/min.

There are 140 different reciprocating units allowing a match to be made to the application which, states the company, can often halve traditional running costs. Covering outputs from 5.76 to 26.25 cubic feet/min. the units have automatic economy throttle on petrol and diesel powered versions: engine rpm is reduced to tick-over during nil demand, saving fuel, reducing wear and cutting down noise. The smallest unit costs £230.

Versions of the rotary vane units cover outputs from 6.25 to 150cfm. Offering the customary *advantages of higher efficiency*, continuous delivery and quiet running, these units also have very good accessibility, are compact, easy to maintain and, due to the minimum of moving parts offer less wear and good reliability.

Smallest version of the vane models costs £320, with the top end of the range at the £2,000 level. More from the company at 90, Newbold Road, Rugby, Warwicks CV21 2NL (0788 74561).

● SERVICES

Available for trials

ANYONE wishing to [...] experiments involving [...]ing and grinding [...] materials, mixing of gra[...] fibrous products, extrusi[...]ing or drying might [...] than invite Redland Te[...] to provide the know-how.

The company has set [...] near Horsham, Sussex, [...] these operations may b[e] out. It is also able to [...] pre-production runs on [...] basis.

The machines availabl[e] the same principles of [...] as normal production p[...] while throughput will v[...] operating conditions, machines are capable [...]sing about 5 cwt. to 2 to[...] hour. Also offered a[...] working and metalworki[...]ties.

Details of the service [...] obtained from the Ne[...]nology and Product Dev[...] Centre, Graylands, [...] Sussex (0403 2351).

● ELECTRONIC[S]

Assessme[nt] of circuits

A PRODUCTION test sy[...] examining all large-sc[...] grated devices, read-onl[...] random-access memor[...] been put on the market [...] Instrumentation, Turnpi[...] High Wycombe, Bucks. [...] 446671.)

Test times, it is clai[med] typically reduced from [...] to tenths of a second. [...]creasing throughput fro[m] ten times while guarant[...]peatable test results plu[s] guard bands and higher [...]

A high-speed micropr[...]able processor is used t[...] the testing and provide [...] logging of critical paran[...] a 10 MHz rate. This, [...] with two test heads, r[...] queuing time (dead tim[e] socket) being reduced t[...]mum.

The machine, called [...] data MD-104M, is field [...]able with up to eight s[...] each with two test statior[...] the control of a supervi[...]cessor.

CONTRACTS AND TENDERS

Building and Civil Engineering

£140m. Red Sea port expansion

THE MINISTRY of Communications of the Government of the Kingdom of Saudi Arabia has appointed Sir William Halcrow and Partners to be consulting engineers for the expansion of the small Red Sea port of Yanbu.

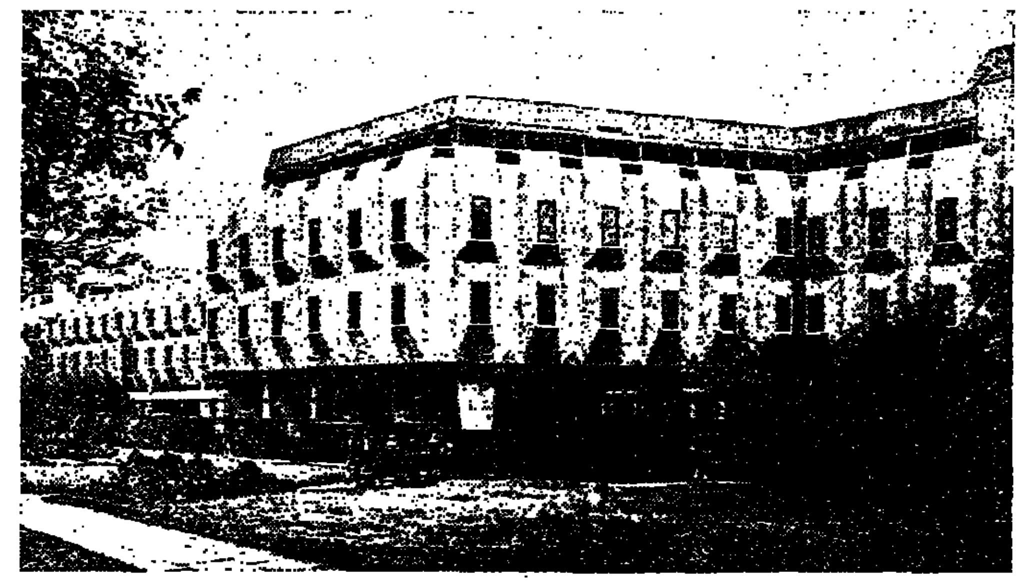
The project is estimated to cost £140m. and entails the design and supervision of construction of seven deepwater berths, for which the Ministry has entered into a negotiated contract with Ditco, a Saudi Arabian contracting organisation formed in consortium with the Greek contractor Archirodon S.A. of Athens. Completion is aimed for the end of 1978.

The Port of Yanbu currently caters for small trading vessels although it is one of the ports of entry for pilgrims bound for nearby Medinah. Its expansion into a major port designed, at this stage, for general commercial cargo, is consistent with the proposals for the Kingdom's long-term industrial development and formed part of the detailed study leading to incorporation of the resulting recommendations into Saudi Arabia's Five Year Plan.

Ultimately, it is envisaged that Yanbu will also offer industrial and enlarged commercial facilities, while continuing to cater for some elements of the pilgrimage traffic.

This latest commission means that Halcrow is now directly responsible in Saudi Arabia for capital works of the order of £2,000m. A considerable proportion of this sum is accounted for by the industrial port of Juhail in the Kingdom's Eastern Province, where tenders currently under consideration will, when awarded, cover the construction of facilities to support the entire industrial development of the area.

Tenders are also being examined and should, it is expected, be very shortly awarded for the fourth stage in the development of the major Red Sea Port of Jeddah. Here a further 22 berths are to be constructed by mid-1979, when the port's capacity will have been effectively doubled.



The £6m. extensions to Sheffield Town Hall, which have been designed to achieve big long-term energy savings. The building has been insulated by cladding internal walls and top-floor concrete ceilings with Styrofoam IB extruded polystyrene foam boards, manufactured by Dow Chemical. Main contractor is Gleesons (Sheffield). When completed the building will provide office accommodation for 1,500 staff in open plan style, a rates and rents hall, computer room, kitchen and restaurant, plant and generator rooms and basement/mezzanine parking for 400 cars. A footbridge at first-floor level will link the new accommodation with the existing town hall.

Crown gets £5m. worth of work

CROWN House Engineering has been awarded contracts totalling over £5m. for the installation of mechanical and electrical services.

The largest, worth over £2.7m. is for work at the submarine re-fit complex in the dockyard at Devonport. Other contracts are from Austin and Pickersgill for work at the Southwick Shipyard, Sunderland (£770,000) at Heathrow Airport for water chilling equipment (£500,000) and at the new Central Library for the London Borough of Haringey for heating and ventilating work.

Heating, ventilating and air conditioning jobs are also being carried out at the Woolwich Military Hospital and the Wellgate shopping centre in Dundee.

Better than a drawing board

WORKING drawings for two large industrial projects in South Wales and plans for a hospital in the East Midlands are now being prepared by the Percy Thomas Partnership in Cardiff, with the aid of an ARK/2 computer aided graphics system. The latter is based on a PDP-15 computer supplied by Digital Equipment Co.

Eight related programs make up the system and these enable architects to use it from the initial stage through to sketch designs and production of working drawings and specifications. The facility is available for use by staff in any of the practice's eight offices.

Ruberoid to make glass tissue

THE BUILDING products, specialist sub-contracting and paper group, Ruberoid, has announced an investment project for a £1m. plant to produce glass tissue. The company hopes this will enable it to become a leading supplier of glass tissue for roofing materials, flooring, wall covering and pipe protection.

Ruberoid has secured the manufacturing rights for the plant, which will be the first of its type in the U.K. Arrangements have been made for 50 per cent. of the machine's output for the first two years of its operation to be exported. Annual production potential will be some 60m. sq. metres, equivalent to about £2.4m. in sales.

Licensing rights in certain territories have been obtained and there is to be continuing exchanges of know-how with German and Dutch glass processing companies. Ruberoid's conventional glass tissue requirements hitherto have been purchased from outside the Group.

The machine, which will produce 2-metre width tissue, will be located at Brimsdown, Middlesex, and will form part of the operations of Ruberoid Paper. The company is on 01-405 9441.

Electrical equipment ordered

A CONTRACT worth nearly £200,000 has been placed with Parolle (project engineering subsidiary of the Reyrolle Parsons Group) by the London Borough of Newham acting as agents for the Thames Water Authority for electrical equipment for a fully automatic storm water pumping station. The station, which forms part of the Beckton sewerage development, will be situated at Woolwich Manor Way, East Ham.

Much of the equipment will be manufactured by three Reyrolle Parsons companies — Reyrolle, Reyrolle Belmos, and Parsons Peebles. The cabling will be carried out by Elequip of Leicester.

Consultants for the project are Mason Pittendrigh and Partners.

Big London housing project

THE LONDON Borough of Southwark has given a contract for phase 1 of its 452-dwelling Consort Housing scheme to Southwark Construction, the contracting organisation formed by the borough's direct labour force. Management and consultancy services are to be supplied by Bovis Construction.

The contract involves construction of 36 blocks of houses, maisonettes and flats (452 dwellings in all), as well as garaging, refuse collecting areas, a sunken ball-games area and a community facilities hall.

External landscaping, play areas and public utilities are also included in the contract and the overall works are due to be completed at the end of 1979.

The dwellings will be contained in two- and three-storey blocks, with load-bearing brickwork, strip foundations, in situ floor slabs and pitched roofs.

Two awards to Minter

A £1½m. contract for "finishings" at the new Heathrow Central station on London Underground's Piccadilly line has been awarded to F. G. Minter by London Transport.

The company has also won a £266,456 contract for the first stage of modernising Ferndale Court flats, Brixton, London, for Lambeth Council. Built in the 1920s, the refurbished flats will include a lift and work is expected to be completed early next year.

In Nigeria, Minter is providing senior site staff under a technical services agreement to manage the building of installations for the international airport now under construction at Port Harcourt.

The main contract for the job is between Vicente Engineering of Lagos and the aviation division of Nigeria's Federal Ministry of Transport. Architects and engineers are the Netherlands Airport Consultants of The Hague.

Jetty for tankers

THE NIGERIAN Ports Authority and the Nigerian Petroleum Refining Company (NPRC) have retained Rendel, Palmer and Tritton to design a tanker jetty at Okrika on the Bonny River.

The present facility, constructed in 1964 to the design of Rendel, Palmer and Tritton, was severely damaged in February 1974, when a tanker collided with the head of the jetty. Temporary repairs were completed by early June 1974, under the firm's supervision, enabling continued use of the jetty.

The new jetty will provide an outer berth designed to accommodate tankers of up to 32,000 dwt and an inner berth for coasting tankers and river barges only.

Comprehensive Engineering Consultants of Lagos, are associated with Rendel, Palmer and Tritton in this project.

Non-skid floor coating

A NON-SKID floor surface which can be simply applied, using no special equipment, in two coats, has been introduced by Lamacrest, Crown Works, Cold Bath Road, Harrogate, Yorks.

The epoxy resin based system needs no complicated mixing on site and can be applied with a long-handled roller. It does not self-level when laid but dries with a matt, "orange peel" surface which is easy to clean. Grip is improved by incorporation in the base resin of a balanced non-skid grit which not only provides extra grip when the surface is wet but, as the floor wears, continually exposes a non-slip finish.

Armourglaze Non-Skid is a two-pack product and is packaged in 7 kg. (5 litre) units, available in red, green, brown, black, and grey. Coverage, in two coats, is about 1 kg./sq. metre, giving a film 0.5 mm thick.

Water pumps with high capacities

AXIAL FLOW turbine pumps with the high capacities necessary for irrigation, drainage and large scale water supply, have been added to the range of Mono Pumps (Engineering), Sekforde Street, Clerkenwell Green, London EC1R 0HE (01-253 8911).

Two types of pump have beeen introduced — the Turboflood and the Turbolift.

The Turboflood has been designed for capacities up to 1.8m. gallon per hour against heads up to 160 feet. These units are usually installed in the 30 degree inclined position, typically on the bank of a river or intake channel. The pumps are also supplied for mounting vertically, resting on the floor of a sump. Four models are available with diameters of 300, 400, 600 and 900 mm. The pumping element remains submerged, with the power unit above flood level.

Borehole pumps capable of delivering up to 165,000 gallons per hour from depths down to 650 feet comprise the Turbolift range. Three models are available with diameters of 150, 200 and 250 mm.

The turbine pumping action employed for both Turboflood and Turbolift pumps is stated to offer high efficiency, low starting torque, low load running and constant flow characteristics. Absence of valves and priming problems are further benefits.

When the prime mover is stopped, the turbine reverses flow under gravity and the back wash clears the intake screen, a useful feature in debris-laden water. Speed ranges of the Turboflood series is from 2,200 to 488 rpm, and for the Turbolift from 3,500 to 2,930 rpm.

There is a range of standardised drives, suitable for electric motors or diesel engines.

Turboflood absorbed power ranges from 2.8 to 44 kW, and the Turbolift series from 2 to 180 kW. Turbolift prices for complete installations (including prime mover) range from £1,500 to £15,000 and for Turboflood from £30,000 to £¼m. The latter is the approximate figure for an installation comprising six 36 inch diameter pumps, for which the company is currently tendering.

Oil handling facilities

CEMENTATION Construction has been awarded a contract worth about £300,000 by Imperial Chemical Industries for the construction of an oil handling mooring jetty and bollards on the River Tees in Cleveland County.

The works comprise the construction of an in situ concrete deck slab about 52 metres by 21 metres wide, supported on about 100 Rendhex piles.

Consulting engineers are Simpson Coulson and Partners.

Piping away household refuse

DUSTMEN could become "refuse technologists" and the familiar dust cart be replaced by a sealed container truck, if a waste collection system now under investigation at the Building Research Establishment, Garston, Herts., is adopted by local councils.

Basically the system consists of a pipe network through which rubbish is sucked to a central disposal point. This is not a new idea, there are installations in Sweden, and a version based on the Swedish approach is under assessment at Lisson Green, Westminster, London. Here the system serves some 1,500 dwellings in medium rise blocks, using 500 to 600 mm diameter pipe.

BRE has developed a system that uses much smaller pipes—150 to 300 mm diameter. This has been made possible by pulverising the refuse before it enters the pipeline.

Reducing the size of the pipes keeps the cost of the pipe network and the central plant room and its equipment to a minimum. A full-scale test rig has been built at Garston for studies of the fluid dynamics of pneumatic transport of refuse particles and to develop special equipment that would be needed in a practical installation.

The rig uses a 130 metre loop of 150 mm plastic pipe—in practice steel or concrete would be used—which includes pipe fittings, bends and risers similar to those that would be used in practice, and design data is being collected. A Rootes blower is used to provide suction, shifting the air in the pipes at about 25 metres/second.

A contra-rotating disc shredder is used to pulverise the refuse (including bottles and cans) until it will pass a 25 mm mesh screen. Straight pipe runs are preferable, verticle or horizontal, with tight radius bends that can be easily replaced because the refuse is highly abrasive.

BRE says the system is currently most suitable for installation in major new medium and high rise developments and office or shopping complexes—particularly city centre developments where space for access by large collection vehicles is restricted—and existing buildings in these categories where vertical refuse chutes have already been installed and can be connected to the piped transport system.

Preliminary estimates and experience suggest that pneumatic installations serving areas containing upwards of 1,000 dwellings per chute can more than compete on running costs with vehicular collection systems.

When capital costs are considered, these systems could be expected to break even within 10 to 15 years, and start showing cost savings after that. The capital cost per inlet point (pulveriser, automatically started by the arrival of refuse down a chute, holding section, and valved pipe entry) would be of the order of £10,000 to £15,000 including input terminal equipment, the underground pipe network with necessary access chambers, and the plantroom and its equipment.

It is envisaged that a turbo-fan exhauster would be used for quietness, and the valves controlling pipe entry would be interlocked to prevent more than one being open simultaneously.

Maximum pipe length is 2 to 3 km, which would enable a network to serve a town of about 20,000 inhabitants. The "main" could run either directly to a disposal plant, or to a central point where the rubbish would be compacted into a container for transport.

BRE is co-operating with the National Research Development Corporation to make the system available through British industry and is already in discussion with one company.

Further information from BRE, Garston 74040.

Breaks the force of the waves

FOLLOWING several years of research, the first commercial application of a floating breakwater designed by Floating Breakwaters, of Chichester, Sussex, is now in service at Sir Robert McAlpine and Sons' construction site at Ardyne Point in Scotland.

It is protecting a floating pedestrian bridge which also carries pipelines to feed concrete to the Brent C oil platform under construction some 200 metres offshore.

For speed of construction timber was used for the breakwater, which covers an area of 55 by 18 metres and is sited to protect the most exposed spans of the bridge. The company considers that pre-stressed concrete is the best material and normally would use this.

Designed to withstand wave heights up to two metres, the breakwater provides a horizontal rather than a vertical barrier to wave motion. It interrupts the vertical movement of water and causes the waves to dissipate their energy on it and leave an area of quiet water behind.

Breakwaters are designed individually for particular applications and very large versions which can be used in the open sea are planned. A further development could be the combination of a floating breakwater with a single point mooring to provide a constantly sheltered area behind the buoy.

Other countries, notably the U.S. and Japan, are now starting research, but Floating Breakwaters reckons it has got a five-year lead.

Cost of the newly developed breakwaters varies with the application and size. A small one would cost about £200 for every metre of length, but the company emphasises this is a rule of thumb calculation.

Floating Breakwaters is a subsidiary of Taylor Woodrow International and operates in association with two consulting engineering firms, Harris and Sutherland, and Archibald Shaw and Partners.

Assessing cavity wall conditions

ICI Insulation Service has devised a new method of assessing the suitability of any building for cavity wall insulation.

The method is a precise numerical approach based on a series of indices, including BRE Digest 127 (the Driving-rain Index) and can accurately assess the exposure resistance of an individual building.

The system was developed because the guidelines laid down in the Agrément Certificate and in BRE Digest 127 are now too vague. With the introduction of the new Type Relaxation Regulation, it was essential to adopt a more precise system of building assessment, which would enable local authority building control officers to apply a uniform standard. The system goes further and is simpler to operate than the new "Driving-rain Index" just released.

Although originally produced for ICI's own technical teams, it has been submitted to the BRE and the Agrément Board for consideration and wider application.

ICI Insulation Service has been using the system for the past four months. It works by establishing the general exposure index from Digest 127, and applying adjustments for local shelter and topography, size of building and materials in the outer leaf.

For example, a two-storey building of fairface brickwork, several streets from the sea front in Worthing, Sussex, after taking account of the driving-rain index for the area, closeness to the sea and the high degree of local protection, has a final index reading of 2. That is, a sheltered situation suitable for cavity wall insulation.

The ICI system is being considered by the BRE and Agrément Board and is expected to play a significant part in the formulation of the new guidelines for architects, builders and planners which are due to be issued shortly.

ICI on 01-834 4444

Industrial concept for housing

BASED ON the techniques and materials used in high quality industrial buildings to reduce maintenance and heating bills, the Modular Design Partnership, Pickeridge, Woodham, Park Way, Weybridge, Surrey (Byfleet 46393) has developed a modular system for domestic housing which could be prefabricated to produce packaged dwellings.

Steel framed (welded at present, but bolted when packaged), the building does not need conventional foundations. Steel columns are set in concrete, the rest of the frame connected, and the roof put on. This provides a dry store for materials and enables work to continue in any weather.

Some ducting and services are incorporated in the usual 4-inch base concrete, and the rest is mostly in the roof void. Although all the nine dwellings built so far have been flat roofed bungalows, designs are available for two-storeys and pitched roof.

A major feature is minimum maintenance and emphasis on full insulation. The roof consists of spar chips, three layers of felt, 12 mm insulation, vapour barrier, 50 to 75 mm wood wool panels, 300 mm cavity, and aluminium foil backed tiles. External walls are of 100 mm wood wool, clad on the inside with a foil membrane and faced internally with a melamine surfaced panel — requiring no decoration.

External facing has been brick, but could be any good weathering material. Internal partitions are all sound insulated and finished with melamine panels. They can be readily moved if required.

Since none of the walls is load bearing, settlement and cracking is minimal. All windows are of anodised aluminium and double glazed. Total construction time is about 3½ months and cost is comparable with conventional housing—the design is stated to be acceptable for building society mortgages.

The unit is air conditioned, providing a controlled environment. Internal pressure is slightly above ambient, with four air changes an hour. The heat exchanger used is a 5,400 btu unit compared with a 94,000 btu unit boiler required for a 1,600 square feet house.

Designs are available for dwellings ranging from 800 to 2,000 square feet, and the designers estimate that with factory made units at a rate of about 200 to 300 a year the price should be reduced by 20 per cent., down to £13 square foot.

The Partnership is looking for financial backing to commence factory production—they have been advised to seek it in West Germany where industry appears to be more receptive to developments in building.

IN BRIEF

● The Property Services Agency of the Department of the Environment has awarded a £769,000 contract to George Wimpey for a boat repair workshop at the naval base at Portsmouth, with an attached two storey office block. Work will start to-day.

● Walter Lawrence and Son has been awarded a £67,000 contract by the Swedish Chamber of Commerce for a suite of offices in Wigmore Street, London W1.

● Costain Construction has won a contract valued at £246,521 to build a "Naval Provost Marshal and Command Cell Establishment" at HMS Drake, Plymouth for the Department of the Environment.

£1.8m. Rush & Tompkins contracts

THE RUSH and Tompkins group has won contracts worth £1.8m. Of these J. T. Parsons, the south-western subsidiary of the group, claimed the major share of just over £1m.

Included in the all round total is a £408,000 contract for alterations at the Harvey Nichols department store at Knightsbridge, London.

The other contracts are for housing, school alterations and industrial premises.

Wimpey to build fire station

THE COUNTY of South Glamorgan has awarded a contract valued at £416,000 for the construction of a new fire station at Barry, to George Wimpey.

The contract comprises a single-storey appliance room and a two-storey administrative block contained in the main building of reinforced concrete and brick construction.

Additionally there is a 14.4 metres high brick built drill tower with concrete floors and roof and a reinforced concrete and brick built training building.

Included in the contract are the garages, underground storage tanks, external works, inclusive of access road, drill yard, fencing and drainage. Work is due to start next month.

£1m. sewers contract

NOTTINGHAM City Council, as agent for the Severn Trent Water Authority, has awarded Tarmac Construction a £1m. contract for a network of outfall sewers in the Meadows redevelopment area.

Construction of about 900 metres of 1,520mm. diameter precast concrete segmental tunnel, and 3,000 metres of 225 mm. to 1,500 mm. diameter spun concrete foul and surface water sewers and ancillary works is called for.

Beer keg warehouse

A KEG warehouse is to be built in Bermondsey, South London, for Courage (Eastern) by Taylor Woodrow (Arcon).

The project costing £447,000 involves demolition of a number of existing buildings. The new keg warehouse will have covered tanker filling bays and a small two-floor internal office. More office accommodation will be provided in an external two-storey block.

Easy access to ceiling void

A DEMOUNTABLE ceiling system, developed for suspended ceilings where repeated or continuous access to the ceiling void is required, is being marketed by Thermo Acoustic Products, 49a, Rectory Grove, London SW4 0DU (01-720 3211).

It permits tiles to be easily removed, singly or in multiples, by an unskilled person. No tools are required, and there are no mechanical devices or spring clips holding tiles in position.

OVERSEAS CONSTRUCTION

The Financial Times proposes to publish a survey on Overseas Construction. The provisional editorial synopsis and date are set out below.

Wednesday 24th March 1976

1. INTRODUCTION
2. OVERSEAS CONTRACTS
3. THE PROFESSIONS
4. FINANCE FOR THE CONTRACTOR
5. PROJECT MANAGEMENT
6. THE CHALLENGE OF THE OIL-RICH STATES
7. THE BRITISH PROPERTY DEVELOPER
8. EUROPEAN CONTRACTORS
9. NORTH AMERICA
10. LATIN AMERICA
11. AFRICA
12. JAPAN
13. AUSTRALIA

We would point out that the contents and date of the Survey are subject to complete editorial discretion.

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MONDAY, MARCH 1, 1976

Rolls-Royce and the NEB

THE National Enterprise Board and Rolls-Royce (1971) have now agreed on how the relationship between them, and with the Government, is to be handled. Under the memorandum of understanding released last week the NEB will control Rolls-Royce's forward plans, capital spending decisions above £5m. and appointments to the Board, while Rolls-Royce will continue to have direct access to Government departments on a day-to-day basis. There is no reason in principle why such an arrangement should not be workable, as long as the two sides are genuinely determined to make it work. But this does not alter the fact that Rolls-Royce is a very different animal from the other investments in the NEB's portfolio and cannot easily be subjected to the criteria which the NEB intends to apply to its other subsidiaries.

Launching aid

For Rolls-Royce has been, and for the foreseeable future will continue to be, a large-scale recipient of Government funds on non-commercial terms. Long before the company's bankruptcy and subsequent nationalisation the Government had been paying out substantial sums in launching aid for new engines. As shown in recently released Department of Industry figures (published on this page on February 11), a rather small proportion of this money has been paid back. It can be argued that this is the price which the nation has to pay for keeping Rolls-Royce in the "world league" of aero-engine manufacturers, with all the benefits such a position is said to bring to the U.K. economy. But the NEB is not supposed to be in the subsidy business. Its aim is to ensure that the companies under its control are restored to health as quickly as possible and stand on their own feet commercially.

The directors of Rolls-Royce have recently complained that because the company has not been properly capitalised since the take-over in 1971 they have to run to the Government to finance stocks and work-in-progress. No doubt this will be one of the first items on the NEB's agenda, but it is not clear that, even with a new capital structure, Rolls-Royce will be self-supporting in the normal sense of the word; at the very least it will continue to need launching aid for major new projects.

If the NEB were to insist (and the Government were to accept) that launching aid should not be regarded as subsidy but should in future be confined to those projects which have a clear financial pay-off within a timescale that a commercial lender would accept, two possible consequences would follow. One is that Rolls-Royce would be run down to a size at which it could become commercially self-supporting. The other is that Rolls-Royce would seek a partnership with one of its two U.S. competitors. (The two propositions are not, of course, mutually exclusive.)

Rolls-Royce has recently begun a potentially significant collaboration with Pratt and Whitney of the U.S. in the development of the JT10D engine for the next generation of medium-range airliners — a rival to the CFM56 being jointly developed by Snecma of France and General Electric in the U.S. The advantages enjoyed by the American aero-engine builders — scale of production, size of home market—are so great that the case for co-operation has always been strong. If the arrangement with Pratt and Whitney represents a change of Government policy away from technological independence, this has obvious implications for the long-term future of Rolls-Royce.

Clear policy

Given the widely held view (shared by some Ministers and senior officials) that aerospace has absorbed too high a proportion of Government support to industry since the war, there is a lot to be said for a strictly commercial approach to future investment in Rolls-Royce. Up to now Government backing for the company has been based on a mixture of commercial and "national interest" considerations. The transfer of "ownership" to the NEB will only serve a useful purpose if it contributes to the unravelling of these contradictions and to the formulation of a policy which is clear both to the company's management and to the taxpayer.

A new phase opens in Portugal

THE NEW PACT signed between the armed forces and the political parties in Portugal opens a new phase in the post-revolutionary era in that troubled country. In line with all the developments since the crushing of the attempted Left-wing rising last November, the pact gives a more prominent role to the civilian parties than they have enjoyed at any time since April 25, 1974.

It would be premature to assume that the armed forces will "return to barracks," in the phrase of the moderate traditionalist soldiers who have come to the fore since November, but it is clear that the pact, and the constitution which will endorse it, should impose greater restraint on the power of the Supreme Revolutionary Council than either the Communist Party or such Left-wing officers as Major Melo Antunes would like. The Council will continue to have a formal constitutional role to play, but it will lose its political supremacy, and will have to share power with the elected Assembly, and with the President.

Disruption

The primary lesson of this development is that the Left-wing revolutionaries of April 1974 are paying the price of precipitating a revolution without having been able to muster the political, organisational and administrative skills necessary to carry it through in an effective way. The chaos and economic disruption which followed alienated many of those who, in the initial euphoria, appeared ready to go along with a radical shift leftwards. The November uprising was the last throw of men like the now-disgraced Otelo de Carvalho, whose success in bringing down the Caetano regime had been unmatched by any capacity for the ordinary chores of government.

A large measure of the political and economic chaos of the past two years was due to the inability of the Armed Forces Movement to choose decisively between military and civilian government, or to assert effective discipline over their own forces. Military discipline, under General Ramalho Eanes, has now been pretty well restored. But if the power-sharing provisions of the pact perpetuate a genuine ambiguity about where ultimate political authority lies, Portugal's difficulties may well remain as great as ever.

For the task of getting the Portuguese economy back on to any kind of sound basis will inevitably involve hard and unpopular decisions, which will be able to be carried through only if the authority and legitimacy of the Government are not undermined by rivalries between the Revolutionary Council and the Assembly.

Coalition

As it is, it seems fairly probably that any Government formed as a result of the elections on April 25 will have to be a coalition between two of the principal parties — the Socialists, the Centrist Popular Democrats (PPD) and the Conservative Centre Democrats (CDS). But whereas the Socialists came easily first in last year's elections to the constituent assembly, it now looks as though, in the discrediting of the Left-wing ideals of the revolution, it is the Popular Democrats who may win the largest number of seats, while the Socialists may not do much better than the Centre Democrats.

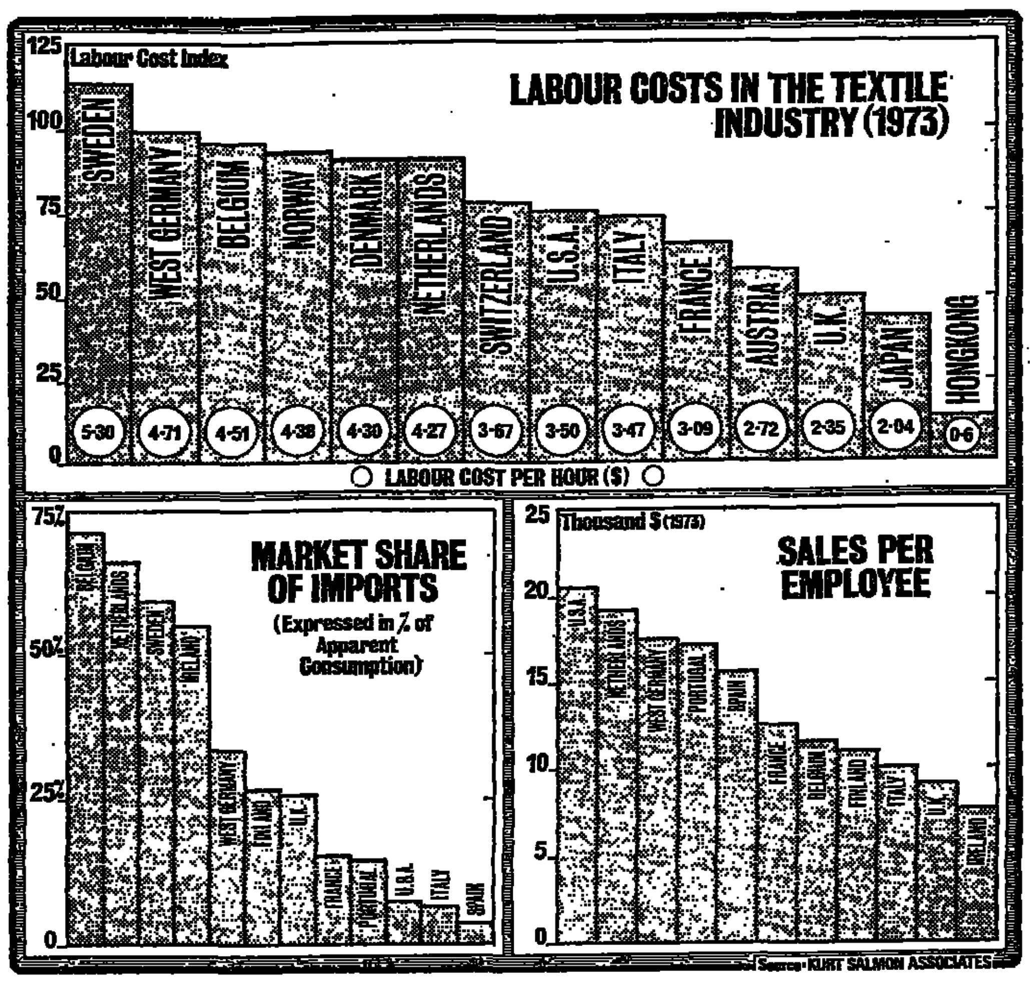
The key to the effective operation of the pact and the constitution may well lie in the role of the President. Although he will have less formal power than, for example, his counterpart in France, he too will be elected by universal suffrage. If General Eanes runs, and is elected, he may be able to act as an effective arbiter, as President Costa Gomes has signally failed to do, between the armed forces and the civilian Government.

Two textile companies have just asked for receivers to be appointed. But one sector of the industry, with a major exhibition opening to-day, is receiving special help. **Rhys David** reports

Clothing's way off the productivity hook

WITH TWO major companies — Brentford Nylon and Bear Brand — both asking their banks to appoint receivers, the past seven days have provided fairly clear evidence of the severe difficulties under which sections of the U.K. textile industry have been operating for some time.

For, although both companies have had their own particular problems, an important factor in each case has been the delay in the revival of demand in Britain and in overseas markets. Manufacturers will have another chance this week to test the likely strength of demand with the opening at Earls Court to-day of the International Men's and Boy's Wear Exhibition (IMBEX) but, although some more hopeful indications have emerged from Europe, in recent months, few will be expecting very much improvement in the U.K. market before late this year.



Improving exports

But, while the textile industry as a whole remains relatively depressed, some signs which suggest that the industry is still prepared to look to the future have also appeared in the past weeks. For in an announcement which was inevitably buried by the bad news about the industry, the Clothing Industry's Economic Development Committee revealed that more than 60 applications had already been received by the Department of Industry from companies anxious to benefit from the Industry Act aid scheme unveiled by the Government before Christmas. Under this, some £20m. has been set aside to encourage clothing manufacturers to increase their efficiency. It is hoped that, together with money spent by the companies themselves, total investment of around £100m. can be generated within clothing. In addition to the 60 positive applications, a further 400 inquiries have also been received in the first few weeks of the scheme's operation.

The scheme follows a report from the EDC which suggested that, with some assistance, clothing manufacturers could become more competitive and that the British industry could claw back some of the market lost to imports. It could also improve on an export performance which, with some exceptions, has been fairly dismal.

The problem, said the report, was that the industry was in something of a vicious circle. Small units made it difficult to attract good management, while low profits meant poor wages and high labour turnover. Efficiency had suffered, with more and more of the U.K. market falling to imports—and not only those from low cost countries, but from Britain's EEC partners, Scandinavia and other high-cost sources.

Yet the industry, with sales of more than £1.5bn. in 1974, is an important one for this country. While it has become fashionable to predict the transfer of clothing away from developed to developing countries—as has happened in some parts of Western Europe—a major move out of the U.K. would have substantial effects on the national economy.

Even with imports running at £500m. last year and taking about 25 per cent. of the U.K. market, the industry plays a major import-saving role. It employs more than 300,000 people, some 80 per cent. of them women, and two-thirds of the workforce is in areas where unemployment is above the national average so that in many cases an income from the clothing industry is likely to be very important to a family's budget.

Equally important, clothing is a major customer of the highly capital-intensive textile industry, which employs a further 400,000 people in the U.K. Garment manufacture currently takes about 50 per cent. of the total fibre and yarn produced in the U.K. (with household textiles and industrial textiles responsible for the rest). And with other countries also developing textile industries, there is clearly little chance of finding export markets for this volume of fibre.

The big vertically integrated groups have been aware of the dangers for some time, devoting much more of their efforts to downstream clothing activity in consequence. Thus Carrington Viyella, in which ICI holds a big stake, has been reshaping its clothing interests to cut out small units and to avoid duplication. Recently, for example, it announced that its Quelrayn subsidiary is to phase out men's wear and concentrate on women's wear, leaving the men's markets to such other companies in the group as Driway and Dhobi.

Similar schemes

Driway has already substantially increased its rainwear production as a result of rationalisation, and similar schemes are planned for other Carrington Viyella subsidiaries, with more emphasis being placed on the clothing side. Investment at the heavy end—looms, spinning machinery, and finishing equipment—will drop *from 80 per cent. of the group's* total over the last few years to around 60 per cent. this year, with the clothing side gaining proportionately.

Courtaulds, which has also spent heavily on new capital-intensive fibre yarn and weaving plant in recent years, has announced that it, too, will be *devoting more money to its* clothing operations. These include Wolsey, Northgate Group, and Kayser Bondor.

The other two big groups, Tootal and Coats Paton, have also been strengthening their position in clothing, with Tootal, for example, taking over Trutex last year to improve its representation in the children's wear field.

But while the big groups will be among the applicants for Industry Act assistance and will be hoping to increase their share of final textile sales in the U.K. and overseas—a much more profitable business than fibre and fabric sales—the hope is that small and medium-sized concerns, which still make up the bulk of the U.K. clothing *industry, will also be persuaded* to take advantage of the scheme's provisions.

In clothing, unlike most other industries, increasing efficiency is not simply a question of putting in new machinery but much more a matter of work organisation. Clothing is highly labour intensive and handling can take well over half the operative's time in many instances. *It is in the amount* of time wasted through failure to adopt up-to-date "engineering" techniques that many companies have fallen behind *competitors in Scandinavia or other* modern centres.

By using techniques which drastically reduce the number of operations needed to put together different garments, high wage cost countries have managed to keep total costs down and penetrate the U.K. market. An engineered man's jacket, for example, will have been designed to need no shaping *or trimming* after cutting and no hand-sewing at the assembly stage. Though some U.K. manufacturers have adopted modern practices widely in use elsewhere, the process needs to go much further.

A Clothing EDC report at the end of last year, *Unlocking Productivity Potential*, which outlined the findings of an examination of seven *small and medium* sized companies, suggested an average production improvement of 50 per cent. to be possible. Furthermore, it said, this could be achieved without expensive new machinery but through relatively simple work aids like thread trimmers or stackers.

Against this background, the *scheme now coming into effect* is, among other things, designed to encourage companies to seek specialist advice on achieving productivity improvements. Companies with 300 employees or less will be able to claim up to half the cost of employing consultants, with a grant limit of £5,000.

The scheme also provides for grants of up to 20 per cent. on investment projects costing not less than £30,000 to stimulate restructuring and re-organisation. The grants will be made selectively and are not designed to increase the overall capacity of the industry.

The scheme's overall aim is *to encourage greater concentration* of activity in more efficient units. This in itself is expected to improve management standards, *a need highlighted by the* Clothing EDC which has pointed out that economic pressures on the industry have meant that non-operative personnel have been kept to a minimum, making a management career comparatively unattractive.

Improvements in management will become even more important if the industry does take up the aid being extended to it. For the introduction of new methods will put a strain on management resources, and a move to higher productivity levels will necessitate more attention to the development of controls on all aspects of production.

Moreover, though part of the reason for improving productivity is to make possible *wage rises that will attract* a better calibre labour force, new methods will also mean that some operations become less skilful, providing management with a task.

It is a major challer one which the industry face if it is to reve decline of recent years. cantly, however, the sc being introduced at when opportunities appe present for a rejuven dustry. In Northern generally, the transfer clothing industry to the l ranean, Eastern Euro further afield has alrea some way, leaving the U probably the biggest industry in the EEC. more labour costs in Bri the lowest in Western other than in the Medite region. Lower labour c undoubtedly behind the announced decision of B maker of Wrangler leisu *to expand its existing f* and to set up a £1m. Scotland to supply the U some overseas markets.

A second factor this and other ex plans is the cor which recent develo affecting the industr cluding the aid schem be expected to en *Though clothing manufa* remain dissatisfied wit aspects of Government the past year should ha vinced sceptics that the try is not regarded as able. On the imports fr GATT Multi Fibre A ment, while still a higher import levels, least control for the fir the rate of growth of products.

Industry's response

In addition to the scheme, the Government up a Garment Requir Board to assist the spon of research into the ind needs, and the industr begun to respond. Th Clothing Institute ann at the end of last ye formation of a new ma and technical infor centre. Efforts are also made to raise the level industry's international fair, with a move to th National Exhibition Cer Birmingham.

If these tentative ste followed by an enthu take-up of the aid schem industry could emerge bigger supplier of clot particularly of the more ticated products whicl developing countries supply—to Europe and developed markets. The a tive is likely to be a con *decline in employment an* productivity growth, with seas suppliers increa taking on the role of cl the British public.

MEN AND MATTERS

Conciliating in the sun

George Foggon has not received publicity for his line in global troubleshooting on the same scale as, say, Lord Greenhill of recent Rhodesian fame. Even so, Foggon is able to put his own success rate at "very high."

He has been the overseas labour adviser to the Foreign Office, and most of his work has entailed trying to conciliate in labour disputes in the dependencies, places like Bermuda, certain Pacific islands and, the most populous Hong Kong. The list is, of course, shrinking, but the number of disputes in the dependencies that remain has been growing in recent years in tune with the rest of the world.

Last year was pretty typical: Foggon reckons he spent 18 weeks away on nine separate assignments, including such exotica as a general strike in the Gilbert Islands and a stoppage by Bermudan naval pilots. He was also on hand when a group of MPs visited Sri Lanka to *follow up reports of poor conditions among tea workers*, in Foggon's eyes, "a much distorted story."

Beyond trying to play effective referee Foggon has had responsibility for liaison with overseas trade unions and international union bodies. The growth of British interest in maintaining contact with foreign labour situations is reflected by the fact that the number of labour attaches in embassies abroad has grown to 12. Three posts have been created lately in South Africa, Spain and Portugal to monitor the crucial growth of unionism locally.

Now 62, Foggon, who started his working life in the bad days of 1930 as a Newcastle labour exchange clerk, has lately found the incessant travel onerous. From to-day, having just retired from the FO, he takes over as director of the International Labour Organisation's London office. The ILO is one of the few arms of the old League of Nations that survived into the UN era, and works to promote labour standards.

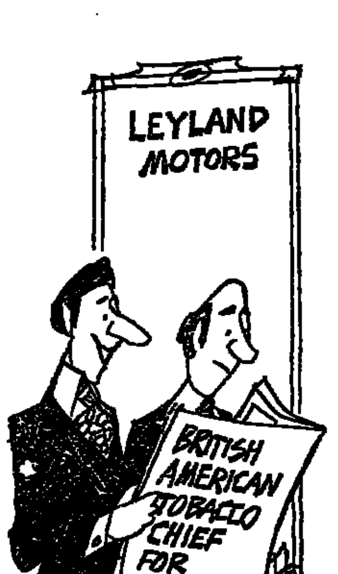
Foggon says that job has been done well, but some internal conciliation is becoming urgent. That other globetrotter, Dr. Kissinger, has threatened that the U.S. (which pays 25 per cent. of the upkeep) will leave the ILO unless it reverses some current trends, notably the sort which allowed in as members the Palestine Liberation Organisation.

Jockeying with discrimination

As for homegrown labour disputes, the indications yesterday were that the angry ladies of the Garforth depot of Scottish and Newcastle Breweries, who, as I noted last week, are angry *at the level of compensation* offered for the ending of free beer they hadn't been allowed in the first place, still intend strike action to-day. Another bizarre aspect of the Sex Discrimination Act which brought that case to a head is that it is threatening the whole future of ladies horseracing in the U.K.

The Jockey Club, the sole arbiter of racing matters in Britain, has taken legal advice, and has decided that the Act applies to racing which in future means that men and women must be treated the same. Fair enough, but of the 230 full members of the Lady Jockeys Association almost 80 per cent. work as stable lads and as far as men are concerned, lads cannot ride as amateurs, while the ladies can.

If the Act does apply therefore the Jockey Club must either insist that 80 per cent. of our lady riders turn professional or, alternatively allow stable lads (male) to ride as amateurs. That is not feasible, so the club wants the girls to make the change. Unfortunately, in the racing world, only a very few women jockeys would be offered rides as professionals, and none of the professionals would be able to compete with the few remaining amateurs in the sponsored ladies races. Ladies racing depends to a large degree on sponsorship— and if you lose the jockeys (particularly the well-known names like Brooke Sanders) you will lose the sponsorship and, within a year or two, ladies racing.



"Let's hope he can encourage addiction to our brand!"

This is the main talking point between the eight riders and officials of the lady jockeys' association who are currently in Malta to ride in two handicap races at the Marsa race course sponsored by the Kursaal company. The girls are cross not so much with the Jockey Club, but with its legal and medical advisers.

Vivian Kay, secretary of the association, says that the basis of the Jockey Club's decision is a medical report which describes the horse as merely a vehicle and attributes all the thrills and spills of racing to the strength of the horse and not the jockey. That prevents a let-out under section 44 of the act which allows discrimination where physical strength is important.

The girls have come up with two Harley Street specialists and a GP to oppose this view. In the meantime they are battling to slip through the loophole under section 34 which allows non-statutory bodies organising activities for a single sex to escape the provisions of the act.

One of the more telling points *which the ladies make is that* the operation of the act introduces its own anomaly. As one puts it: "You are swapping sex discrimination for breeding discrimination. Wives and daughters of trainers can retain amateur status, but employees can't. So you are only OK if your Dad's got money."

Ken again

If, as I suggested on Thursday, a creche is a crash in Kensington, what is the definition of sex? Quite easy: it's what residents of the same area get their coal delivered in.

Observer

مطابق للأصل

A yen for success in Japanese politics

From CHARLES SMITH, Far East Editor, Tokyo, Feb. 29

TOKYO Press has been ...ering for a Watergate of ...wn ever since August, 1974, ...n the Japanese watched the ...ical death-throes of Presi... Richard Nixon on their ...visions. It was narrowly ...ted of its hopes when Mr. ...uei Tanaka, the former ...e Minister, resigned 14 ...ths ago before an investiga... into his alleged business practices had got properly ...er way. Now, with the gift ...he Lockheed scandal from American Senate, the Press ...tying again.

...undreds of reporters have ...n assigned during the past ...e weeks to watch outside houses of possible suspects ...the Lockheed scandal or to ...estigate the personal his...es of politicians who have ...n involved in ordering air...ft. But once again it looks ...if whatever comes from the ...ore touched off by the pay... revelations is going to be ...erent from Watergate. In ...ns of broken political ...eers or spectacular falls ...m power, Lockheed may not ... for Japan anything like ...tergate did for America. In ...ns of the way Japanese poli...ans behave in future, how...r, and the standards the pub... expects from the ruling ...eral Democratic Party, the ...ects of the crisis could be ...rwhelming.

...ne reason why there has ...n confusion in Japan about ... precise significance of the ...kheed "fall-out" on the ...ion's public life is that ...eral different issues are ...lly involved. The first ...and in the story—of which ... one need be particularly ...amed—is that acknowledged ...dency for Japan to come ...der intense political pressure ...m Washington whenever air-craft purchasing decisions are being made. Japan is not only without an internationally competitive aircraft industry of its own but is too dependent on the U.S. as an export market to be able to ignore its wishes in the matter of aircraft purchases. Finally, and, in the case of the Lockheed affair, most significantly, Japan runs a small defence establishment which has to work closely with the much larger U.S. forces covering the North Pacific and thus cannot make its weapons purchases without listening carefully to what the Americans have to say.

Different

In particular, the Lockheed story in Japan would look very different without the man whom the American company chose as its lobbyist and who in the last 40 years has been involved in various kinds of backstairs dealing. The man in question is Mr. Yoshio Kodama who, according to the Lockheed testimony to the Senate hearings in the U.S., was paid more than £7m. by Lockheed to promote aircraft sales between 1959 and 1974.

Mr. Kodama, who according to his doctors has been critically ill since the start of the Lockheed revelations, has a shadowy past and an almost equally shadowy present. His name crops up as a successful arms procurement agent in China during the war and as one of the men who provided the funds to put Japan's first Liberal Democratic Prime Minister into power afterwards. To-day he lives in seclusion in a fashionable Tokyo suburb surrounded by what appears to be an extremely valuable collection of objets d'art.

If Mr. Kodama and the behind-the-scenes manoeuvring which he represents is the second strand in the Lockheed story, the third and most important is the nature of Japanese politics itself. The conservative political establishment in Japan consists of an intensely competitive network of factions, each supporting an aspirant for party leadership, which could not function without money and which in practice absorbs tens of billions of yen a year of political contributions from business and other sources. The big faction leaders of the Liberal Democratic Party—men like Mr. Kakuei Tanaka, the former Prime Minister, Mr. Yasuhiro Nakasone, the present secretary general of the Party, or Mr. Takeo Fukuda, the deputy Prime Minister, could none of them have got where they are to-day without cash. And that almost certainly includes the cash of people like Mr. Kodama as well as the more openly acknowledged contributions to conservative politicians made by Japanese big business.

The upshot of this situation is that money paid by Lockheed to Mr. Kodama to promote aircraft sales *may* have found its way into the political coffers of some of the main LDP factions and possibly also into the funds of the opposition, since Mr. Kodama is known to have distributed his favours widely. The one man who is certain not to figure in any Lockheed revelations is Mr. Takeo Miki, Japan's present Prime Minister. Mr. Miki has built a political career over more than 30 years by painstakingly cultivating an image of incorruptibility and now holds power largely because his wealthy rivals have cancelled each other out.

The prospect that mud from the Lockheed scandal may end by fouling the Japanese system itself as well as a number of well-known politicians, is an interesting one because the use of money to oil the wheels of politics was a live issue even before the scandal broke. The controversy in its present form goes back to the notoriously corrupt and expensive 1974 elections to the Upper House of the Diet when the then Prime Minister, Mr. Kakuei Tanaka, ludicrously overstepped the normally recognised limits on election spending in his efforts to obtain a majority for the ruling party. Rumours, which are as much as anyone ever has to go on in writing about the finances of Japanese politics, had it that the successful candidates for the "national constituency" in the Upper House (that is those running for election by the entire nation rather than from single constituencies) spent up to Y300m. each to get elected while those spending Y200m. or below failed.

Said to have been ill since the Lockheed affair broke, Mr. Yoshio Kodama, the key Japanese figure in the pay-off scandal, was taken to hospital last Friday.

The LDP's money electioneering tactics proved self-defeating in the end because the Party failed to win more than 50 per cent. of the Upper House seats. But even though the whole country seemed to have declared its abhorrence for "money politics" by the end of 1974, the system has been creeping back into favour in the past few months.

The old system whereby industries made political contributions to the Party in return for, or at least at the same time as they receive favours from the Government, also seems to have regained its former popularity. The renewal of bank credit lines to the ruling party last autumn came at almost the same time as the Government submitted to long-standing pressures from the banking community for a lowering of interest rates on deposits. More recently private railway companies made a generous donation to Party funds at just about the same time as they were granted official permission to increase fares.

The stepping up of political contributions to the LDP in the second half of last year (after an extremely sharp fall in the Party's income a year or so earlier) could be seen as a rush by various interests to beat the deadline for controlling political contributions through the introduction of a new law which came into force at the beginning of 1976. The law, pioneered by Mr. Miki as part of a programme for cleansing the political system and breaking the links between politicians and business, sets a maximum of Y100m. for the annual political contributions of individual companies.

Optimists see this as an encouraging departure from the old system of unlimited and largely undeclared political contributions, but there is another aspect to the political funding situation which is a good deal less reassuring. This is the formidable political comeback which has recently been staged within the LDP by the man who virtually invented money-politics—in its present form—ex-Prime Minister Mr. Kakuei Tanaka.

Mr. Tanaka has remained almost totally silent since he left office under a cloud of suspicion about his business activities at the end of 1974. He has made statements only through his secretary in reply to allegations of involvement in the Lockheed scandal. All observers of LDP affairs in the past few months, however, agree that his faction has been collecting and spending far more money than any of the other major groups in the Party.

Spending

A minimum of Y100m. is rumoured to have been handed out to each of Mr. Tanaka's followers in the two houses of the Diet as "advance expenses" for the general elections which, under the constitution, are due before the end of this year. Total spending by the Tanaka faction from last summer to the beginning of this year is put by some sources at around Y10bn., which is roughly twice as much as the declared funds of the LDP's central fund raising organisation during the first six months of 1975. Mr. Tanaka's income sources naturally are not known, but what is known is that Mr. Kenji Osano, a self-made multi-billionaire businessman with interests in hotels and real-estate, is a close associate.

The Tanaka faction, which is already the largest in the two Houses of the Japanese Diet (its strength in the Lower House alone is slightly smaller than that of the faction headed by the Deputy Prime Minister Mr. Takeo Fukuda) has acquired three new members since its leader fell from power. This is something which is said to have been achieved by no other retired party leader since the war.

It is against this background that the word started to circulate late last year that Mr. Tanaka himself might yet have a considerable future. Before the Lockheed scandal burst on Japan some of the men who make up the *zaikai* or ruling élite of the Japanese business world were suggesting that Mr. Tanaka might return to office as next Prime Minister but one, following the retirement some time in the next year or two of the amiable but weak Mr. Miki and what they assumed might be a brief interlude in power by the able but elderly Mr. Fukuda. It is doubtful whether to-day either the *zaikai* or anyone else would be rash enough to bet heavily on his chances.

The prospect of a check to the careers of Mr. Tanaka and other LDP leaders represents the short term fall-out from the Lockheed crisis. The long term implication is that the Liberal Democratic Party, and perhaps some of the opposition parties as well, may have to think very seriously indeed about the relationship between money and power in Japanese politics. It is hard to imagine that anyone, for the next year or two, will be able to climb the power pyramid of the LDP simply by collecting and handing out larger amounts of cash than his rivals.

Letters to the Editor

Profits and employees

From Mr. F. N. Robinson

Sir,—How naive must be those ...ecutives, to whom John Traf...rd makes reference (February ...) if they are startled and ...orried by their belated dis...overy that employees no longer ...entify their own well-being ...th the company's profitability. Not only have generation after ...neration of workers been ...bjected to a barrage of pro...ganda vilifying the very ...ncept of profitability to the ...int where the word "profit" ...s assumed obscene connota...ns, but during the past 20 ...ars, regardless as to whether ...lustry was making substantial ...ofits, inadequate profits or ...ing money, governments have ...ded industry with administra...e expenses, and, either ...rectly or through the ...tionalised industries, made ...nual wage and salary increases ... basic right—a concept, which ... its shame, the private sector ...s accepted.

The pernicious doctrine that ... consumer or taxpayer would ...ways pick up the bill has taken ...ch deep root in our economic ...inking that the idea of its ...ing better to be employed and ... earn half a loaf than to be ...employed has been banished ... the winds.

Future historians may differ ... to the degree of blame to be ...ached to power-seeking ...liticians, weak management ...d blind trade union leaders ...t they will have no difficulty ... identifying our present ...onomic morass as being due to ... failure of the nation to live ...thin its means and indiffer...ce to profits both as a measure...nt of efficiency and the ...rner-stone of prosperity. They ...ll but marvel that our ...andiose educational system ...es not even incorporate teach...g the simple economic facts of ...e.

...N. Robinson,
... Rosebery Avenue,
...idlington,
...rks.

...JDS Group accounts

...om the Chairman,
...DS Group Ltd.

Sir,—With regard to the article ...ich appeared in your edition ... February 20, we would like ... correct erroneous impressions ...ich, it seems, have been drawn ... some of your readers.

The two chartered accountants ... our Board received a letter ...m their Institute concerning ... form of one aspect of our ...75 accounts. Following their ...ly, the Institute indicated that ... further information or action ...s required in relation to those ...counts.

...We are concerned to make it ...ar that the exchange of cor...pondence with the Institute ...ated solely to the form of the ...counts and in no way affected ...ir substance.

...rnard Lyons,
...rble Arch House,
...63, Seymour Street, W.1.

...Licensing the ...state's credit

...m Mr. J. M. Renshall

...ir,—Mr. Ross (February 24) ... right to express astonishment ... the licensing provisions of the ...sumer Credit Act. These are ...n odder than he suggests. It ...not simply a question of the ...iscriminate collection of persons affected—ranging from pawnbrokers and moneylenders to professionals such as solicitors, accountants and surveyors—but the unexplained omission of some of the largest hire-purchase traders in the country.

For what seems to have passed almost unremarked is the strange fact that the licensing requirements of the Act do not apply to the nationalised industries.

The gas and electricity boards must be responsible for a significant proportion of all hire purchase transactions. Yet they do not have to be licensed. Why not? They are not especially distinguished for their dedication to consumer service and protection, as many customers, including this writer, can bear witness.

The exemption of the nationalised industries from the licensing provisions of the Act is an omission of such proportions that it brings into question the credibility of the whole operation.

J. M. Renshall.
5, Ferrings, S.E.21.

Bias against small firms

From Mr. D. P. Bridgehouse

Sir,—The British Left uniquely in Europe, has an emotional bias against the family firm; one sometimes has the feeling that those sincere but misguided people are still paying off scores against the iron-masters and landlords of the 1880s.

Economic reality is something different.

British industry is the most fossilised in Europe, and I suggest that this is so, precisely because the "1,000 leading companies" are quite often as bureaucratic as the worst ministry in Whitehall. Middle-management is stifled; senior management is often tired; first-class ideas, which very often come from very young men, are "submitted to the sub-committee of the projects committee of the Board," which takes no action! Worker participation becomes yet another bureaucratic exercise.

In the highly dynamic economies on the Continent, small and medium size, unquoted family firms are responsible for some *two-thirds of turnover*. The great firms are just as bureaucratic as the 1,000 in U.K., but these firms do not dominate any but some capital intensive industries.

The question is not just the inherited firm, but the new firm. No bright executive in his right mind will leave ICI to set up on his own. Many immensely creative people are simply stifled because they have no wish to ruin their family lives by the agonies of setting up shop, and, within a year, commencing battle with the surtax authorities. Equally, young skilled workers prefer small firms, where they can be found.

There is vast Continental experience of the fact that the family business and the new business are not only creative, but human. If everyone knows the "governor" personally, his virtues become apparent, his faults less exaggerated, and his wealth much less an object of envy. The Continental Left is not against the small firm, and there has never been any crusade to "crucify the rich": in the context of predominantly small firms, everybody knows that the governor is taking risks, providing jobs, and his fortune follows the state of the market, like everyone else's.

There is, moreover, an utterly simple answer to worries about inherited wealth. The U.K. is the only country in Europe to permit total freedom of testation. In general, all inheritance must be strictly and equally divided among all the heirs; there are some exceptions to this in German law, but they are not easy to put through.

The effects of this very strict principle are interesting. When the heirs meet to consider what to do with business assets of any size, from a very great fortune to a small business, there is a serious discussion. Shall we sell? Shall we all carry on?—or shall we let Jean or Hans carry on?

The last of the three cases is the most frequent, and in this case, Jean or Hans, if allowed to carry on, does so under the constant scrutiny of a very critical group of "outside directors," his brothers, sisters and their husbands. The "participators" take annuities out of profits, and where they cease to be happy with the management, they can bring a radical change in it, and very quickly, too. It could be said that continental business has flourished without the benefit of the wisdom of the chartered accountants, because one's sister is better able to know whether one is an idiot than the most experienced FCA.

In Britain, the thousand major companies will shortly be the thousand *only* companies, assisted of course in their planning by the 6 major unions. Within a very few years, the cumulative effect of CTT, surtax on close companies, etc. will have produced the liberal and humane society of ancient Egypt: *everyone in his place, under the* direction of the most enlightened bureaucrats, whether in government service, the 1,000 corporations, or the 6 unions.

D. P. Bridgehouse,
10, Place Ramus,
Aix en Provence 13100,
France.

The ugliness of 'the Beeb'

From the Managing Director, Fine Tubes Ltd.

Sir,—Your television correspondent's selection of programmes for review and his balance of criticism or praise are always civilised and frequently extremely perceptive. His endorsement of the BBC's intention to "set a high standard of spoken English" in news presentation will be shared by the majority of your readers.

It is to be regretted that he then descends to the corporation's own lax standards by referring to it as "the Beeb," surely one of the ugliest and least attractive contractions so far devised.

T. M. Barclay,
Estover Works, Crownhill,
Plymouth.

Useful time in a train

From Mr. Philip Giles

Sir,—I was sorry to see Mr. Scott (February 26) perpetuating the fiction that air gains a considerable time advantage on business travel to Scotland. This is only true for those who are unable to take any work with them. Almost all the time spent in air travel is wasted time but in a train the motion is smooth enough to enable one to write reports as well as read them—and all without the constant telephone interruptions which are the bane of the office. As a result the bulk of the time in a train is useful time. It is only the elapsed time from departure to return that is greater by train. Efficient use of such time is surely more important to the busy executive, or should be.

In my experience of evening train travel the first class is usually fuller than the second class at the London end.

Philip Giles.
Craigforth House,
Stirling.

Showing up the UN

From Mr. W. Richardson

Sir,—The note by "Observer" (February 26) on the strike by United Nations staff at Geneva raises an interesting point.

If one searches for a strike which is likely to cause the least inconvenience to the public at large, it would be hard to beat this one.

Paradoxically, this may prove to be the strongest weapon that the strikers possess, since the United Nations can hardly let the stoppage go on indefinitely, thus showing the world that life can go on just as well without it.

W. Richardson.
The Grange,
Orley Farm Road,
Harrow, Middx.

Added value forecasting

From the Director of the Centre for Innovation and Productivity, Sheffield Polytechnic

Sir,—Having long advocated the use of added value I read with great interest David Fishlock's article (February 26) on Dr. Frank Jones's presentation. Indeed, using the 1970 Census of Production data, I forecast in your columns (Executive's World, May 1972) that the motor vehicle industry would be the next lame duck, so I can support Dr. Jones's plea that more attention be paid to added value figures.

However, I would counsel caution in simply investing in industries with high rates of added value per employee. Our analysis of the Census data from 1963 to 1973 shows that, in some sectors, quite modest investment has been associated with substantial increases in manpower productivity whereas, in other sectors, massive investment has not paid off. A vital factor, as Dr. Jones stresses, is the proportion of added value that goes to employees. (In too many sectors, the wage bill has risen faster than productivity.) Moreover, the critical ratio varies from industry to industry. Dr. Jones's figure of 65 per cent. may be adequate in clothing and other labour intensive trades, but a figure as low as 40 per cent. may be much too high in Chemicals and other capital intensive industries.

Fortunately, there are signs that more companies are becoming aware of the virtues of the added value concept. Some are using it for monitoring company performance and manpower productivity; others are using it for information disclosure and employee participation; some have even based their wage and salary policy on added value. Let us hope that more will follow the recommendations of the Accounting Standards Committee to produce added value statements for employees and shareholders. Added value is no panacea, but it provides a commonsense basis for co-operation in creating and sharing wealth.

E. G. Wood.
Halfords House,
16 Fitzalan Square,
Sheffield.

To-day's Events

GENERAL

EEC Foreign Ministers begin two-day meeting, Brussels.

CBI Employment Policy Committee meets.

Italian foreign exchanges reopen.

Mr. Reg Prentice, Minister for Overseas Development, addresses meeting of London School of Economics Labour Club.

Sir Derek Ezra, chairman, National Coal Board, is guest speaker at Coal Industry Society lunch, Hyde Park Hotel, S.W.1.

Pit price for *industrial* and carbonisation coal rises by average of 15 per cent.

Sir Lindsay Ring, Lord Mayor of London, presides at annual prize distribution of London Chamber of Commerce and Industry, Mansion House, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Road Traffic (Seat Belts) Bill, second reading. Motion on Housing Corporation Advances (Increase of Limit) Order.

OFFICIAL STATISTICS

Car hire-purchase figures (February).

COMPANY RESULTS

Commercial Union Assurance (full year). Royal Insurance (full year). Sedgwick Forbes Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 8.

EXHIBITIONS

International Men's and Boys' Wear Exhibition opens, Earls Court.

Tunnelling '76 Exhibition opens, Cunard International Hotel, W.6.

Exhibition of early Hong Kong marks and stamps opens, Gibbons Gallery, Strand, W.C.2.

CINEMA

The Queen and Duke of Edinburgh attend premiere of "Moses" in aid of British Olympics Appeal Fund, Dominion Cinema, W.1.

MUSIC

Victoria de los Angeles (soprano) and Geoffrey Parsons (piano) in programme of songs by Gluck, Mahler, Wagner, Strauss, Duparc, Hahn, Mompou, Guastavino, Ginastera, Vives, and Nin, Royal Festival Hall, S.E.1, 8 p.m.

D'Oyly Carte production of The Gondoliers, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

Alban Berg String Quartet gives *BBC lunchtime recital, St. John's,* Smith Square, S.W.1, 1 p.m.

SPORT

Tennis: European Nations Cup, Great Britain v. Hungary, Washington, County Durham.

COMPANY NEWS

AF should reap some benefits this year

IT IS difficult to forecast when the full benefit of various steps taken to improve profit around the Associated Fisheries group will mature, says the chairman Mr. P. M. Tapscott.

"But the current year should demonstrate progress despite having to absorb an extra £1.1m. of vessels' fuel costs."

An over-riding objective is to restore quickly the earning of an adequate return and to achieve this by structuring the business with a reasonable balance of sources of income, with due regard to the demonstrable risks of the fish catching industry.

Apart from the sale of the Marinex shore-based assets, extensive action has been taken throughout the group since September 30 to improve profitability and this is continuing. Of particular encouragement is that the loss making food processing and distribution division broke even for the first quarter.

So far as trawling and engineering is concerned, Mr. Tapscott says many short-term ameliorative actions have been taken but long-term policies will be influenced greatly by decisions outside the company. However, "your Board is unanimously resolved that if a fair profit cannot be earned by operating a fishing fleet from the U.K. fundamental changes must be made."

Meanwhile, the fleet has already been reduced by some 15 per cent. in size and this trend could well continue this year unless many of the uncertainties are quickly removed. In order to make further economies, trawling activities in Granton have been closed and the vessels moved to Aberdeen.

In the year ended September 30, 1975, the group incurred a loss of £2.05m., against a profit of £5.6m., and the dividend is 0.1625p net (3.523p), as reported on February 5.

An analysis of the £0.85m. trading loss (£6.74m. profit) shows: trawling and engineering loss £0.28m. (profit £5.86m.); food processing and distribution loss £0.72m. (profit £0.45m.); cold storage and transport profit £0.37m. (£0.98m.); fast food £0.13m. (£0.11m.).

Meeting, Savoy Hotel, W.C., March 25 at noon.

See Lex

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Lincroft Kilgour optimistic

ALTHOUGH many people in the textile industry feel that the recession has bottomed out, there are still no clear indications of a recovery in trade either at home or abroad, the chairman of the Lincroft Kilgour Group, Mr. A. Crosland tells members.

However, he is of the opinion that business should improve towards the end of 1976, particularly in the important Far East market.

As reported on January 23, pre-tax profits for the year ended September 30, 1975, fell from £984,732 to £726,961. The dividend total is 2.82p against 2.64p.

The chairman says the world-wide recession brought about a general decline in sales volume, markedly reducing profits.

The purchase of the stock of Keith and Henderson (Savile Row) and the Head Office freehold acquisition involved the outlay of over £900,000. Facilities were negotiated with the group's bankers to cover these transactions.

Meeting, 5, Belgrave Square, S.W., April 13 at 12.30 p.m.

Chairman's statement, Page 20

Lookers not as profitable so far

The current year to date at Lookers, vehicle distributors and engineers, is not so far proving as profitable as the same period last year, but it is in the months to come when the bulk of the annual profit is usually earned, states Mr. R. E. Tongue, chairman.

As known profit, before tax, for the year ended September 30, 1975, declined from £0.48m. to £0.4m. Dividends are being held at 2p net.

Mr. Tongue reports that the results have been criticised by the Price Commission as exceeding the limits laid down.

The directors have considered it prudent to provide out of the trading profit the anticipated surplus earned in excess of the levels permitted by the Price Code amounting to about £250,000 for the current year and £125,000 in respect of previous periods. The chairman comments that the results for the period upon which profit levels are fixed was not one when good trading conditions prevailed and also the code does not make allowances for any improvement in efficiency.

He says action has been taken which, with the present downturn in trade and higher costs for the first quarter of this current year, should help to alleviate the problem. The shareholders must however, be aware that, irrespective of the state of trade, the Counter-Inflation legislation "will seriously restrict the profit of the company in the immediate future."

Meeting, Manchester, March 22, noon.

PEACHEY PROPERTY

The directors of Peachey Property Corporation state there has been some delay in finalising audited accounts due in the main to volume of work involved in detail processing of the professional valuations of property portfolio and consideration of tax implications.

It is anticipated that the accounts will be circulated on March 10 and the AGM will be held on April 2.

Preliminary results were announced on January 16.

Jenkin and Purser loss reduced

Lower turnover of £34,588, compared with £57,032 is announced by Jenkin and Purser (Holdings) for the year to July 31, 1975 but the pre-tax loss has been reduced from £45,037 to £31,356.

Once again there is no dividend—the last payment was a 0.48p interim in 1968-69.

After a 1974-75 tax credit of £3,000 (nil), a £4,387 provision to reduce quoted market investments to market value in the year 1973-74 and an extraordinary debit of £117,060 in the same year, the net loss emerges at £28,356, against £166,684.

The Directors report that much time continues to be spent on litigation but a number of actions have been settled recently in the company's favour.

They are hopeful that in the current year litigation will be either substantially reduced or resolved.

The Directors cannot forecast a profit for the current year but anticipate "a substantially reduced loss" and are confident that during the following year the company "could show a return to profitability."

It is likely to be some years before the company can seek to have its Stock Exchange listing restored, they add.

Whittingham outlook

Bearing in mind the general economic climate, Mr. W. T. Whittingham, chairman of William Whittingham (Holdings) is hopeful that holders will be satisfied with the 1975-76 results.

Payment of a dividend will be considered when the final results are announced, he says in his annual statement.

The company's land bank in certain areas is sufficient for several years on current usage but because of restrictions of the Community Land Act and Development Land Tax, the directors are conscious of the need to replace sites.

As known, the company incurred a loss of £0.92m. in the year to October 31, 1975, after a £1.44m. provision for reduction in land values, compared with a loss of £0.1m. in the previous year. No dividends have been paid since 1973.

During the year the group was streamlined. Secured borrowings were reduced by 25 per cent. to £8.41m. by selling some industrial and residential sites and by strict controls over the work in progress commitment.

Allied Insulators growth

PROVIDED that the recent level of demand for the products of Allied Insulators does not further decline, profit growth will continue to be achieved, the chairman, Mr. A. Lloyd tells members.

However it would be extremely hazardous to forecast profits for the current year, in the present condtions of uncertain trade in world markets, the chairman says.

As known, pre-tax profits for 1975 rose from £691,000 to £969,000 and the dividend is 1.85p net (1.1p).

Direct export sales accounted for 36 per cent. of total external sales which at almost £10m. exceeded twice the figure reached in 1972.

The financial package outlined last year has now been finalised and provides facilities amounting to over £2m. About half of this financial package has not yet been drawn and therefore remains available for investment in any further new development opportunities, the chairman says.

The directors are also recommending that the authorised Ordinary share capital be increased by £500,000 to £2.75m. so as to make available unissued share capital to facilitate further expansion and diversification of activities as opportunity permits.

A resolution to this effect will be proposed at the forthcoming annual general meeting, at Stoke-on-Trent, March 26, at 11.30 a.m.

FT Share Service

The following securities have been added to the Share Information Service:—

Delson (section: Engineering).
Papeleras Reunidas (section: Overseas—Spain).
Richards (section: Textiles).

MIDLAND BANK STATISTICS

Statistics compiled by the Midland Bank show that the amount of "new money" raised in the U.K. in February was £243.3m. This was the highest monthly total recorded since September 1975 which included the British Leyland issue. In the first two months of 1976 over £303m. has been raised compared with £177.1m. in the corresponding period of last year. Last month 18 rights issues raised a total of £159.8m.

BIDS AND DEALS

Patino selling RTP stake for £16.4m.

BY MARGARET REID

Patino, the Dutch-based tin group headed by Bolivian millionaire Mr. Antenor Patino, has agreed to sell its 40 per cent. stake in Rio Tinto Patino to Union Explosivos Rio Tinto for $32.8m. (£16.4m.) cash.

Rio Tinto Patino is a Spanish metal smelting and refining concern. The approval of the Spanish Government is expected to be given to the transaction shortly.

Union Explosivos Rio Tinto, the purchaser of the large holding, is also a Spanish company, whose main shareholders are Spanish banks and other institutions.

The British-based mining and metals group, Rio Tinto-Zinc Corporation, which originally had considerable interests in Spain, now has a shareholding of only 2.7 per cent. in UERT. It also retains only a very limited stake in Rio Tinto Patino.

NO PROBE

On present information, the proposed merger of Selection Trust and Alexander Shand (Holdings) is not to be referred to the Monopolies and Mergers Commission.

DIXONS/WESTON

Dixons Photographic has received acceptances in respect of the offer of 12,717,337 shares in Weston Pharmaceuticals amounting to some 90 per cent. of the capital, and now controls around 92.1 per cent. of the capital. Acceptances in respect of the share alternative total 6,326,413 shares in Weston and those in respect of the cash alternative total 6,390,924 shares. The cash alternative is now closed; the share alternative remains open.

BROCKS SALE

Details of the disposal of the capital of International Time Recordings (Holdings) by Brocks Group for a total of £1.8m. have been sent out to shareholders. The purchasers—Atalya Estates and Redgate Securities, both managed by Anthony Dobson Associates—have so far paid £1.35m. involving a number of transactions. The remaining £450,000 is due to be paid on or before November 20.

The chairman of Brocks explains to shareholders that the advantages of the deal include: a reduction in short-term borrowings, resulting in an annual saving on interest payments of £240,000; an annual saving of £70,000 in overheads; a general strengthening of the balance sheet; and rental income of £54,000 arising out of the leasing of the old ITRH factory to the new owners.

IRELAND ALLOYS

Ireland Alloys has formed a new company called East Kilbride Metals in conjunction with the non-ferrous trading company of J. D. H. Morison, East Kilbride.

This rationalisation within the Ireland Alloys group is expected to lead to economies and improved efficiency of operation at East Kilbride as well as widening the range of group activities.

GREENALL WHITLEY

Greenall Whitley and Company has acquired Harvey Prince and Company, wine distributors in the South East of England, for £20,000, satisfied by allotment of 34,483 Ordinary shares of 25p.

In addition, the company has undertaken to procure repayment to the vendor shareholders of loans made to Harvey Prince aggregating £28,050.

ASHBOURNE OFFER

With the agreement of the Panel on Takeovers and Mergers, Central and Sherwood has postponed the posting of the document relating to the offer for Ashbourne Investments.

The original date for posting was extended pending the outcome of a hearing of certain issues which may be relevant to the offer before the Appeal Committee of the Panel. It is hoped that these matters will be resolved shortly.

G. MACLELLAN

Smiths Industries' offer for the capital of George MacLellan Holdings has received acceptances in respect of all the capital. Cash elections have been made in respect of 1,082,534 Ordinary shares of SI (39.7 per cent.).

SHARE STAKES

Eurocanadian Shipholdings has recently acquired a further £145,000 Furness Withy Ordinary stock bringing total interest to £5.88m. (21.93 per cent.). The £145,000 stock was acquired between February 5 and 24.

Keystone Investment announces that the Pearl Assurance has acquired a further 215,000 Ordinary shares in the company and now holds 595,000 (10.14 per cent.).

First National Developments has sold its entire holding of 1,100,703 Ordinary shares in Chaddesley Investments and ceases to have any interest.

Bricomin Investments, a subsidiary of British and Commonwealth Shipping, has bought a further 467,180 Ordinary shares in Glass and Metal Holdings making total 1,019,360 shares, and Caledonia Investments (an associate of B and C) bought 85,000 Ordinary shares making total holdings 185,000 shares. The additional shares were bought from Country and New Town Properties on February 2, at 65p per share.

Gladgrove Investments has disposed of 91,120 Ordinary shares and Militing has sold 35,000 Ordinary shares in Penrad Group. Mrs. S. Maltz, a director and shareholder in both companies, states that her interest either directly or indirectly in Penrad is now below 10 per cent.

Simon Engineering—Manchester Assurance has acquired an interest of 92,500 4.2 per cent. Cumulative Preference shares, being in excess of 10 per cent. of that class.

Wormald International of Sydney, Australia, has increased its interest in Mather and Platt by the acquisition of a further 100,000 shares, making a total of 2,785,000 (10.9928 per cent.).

Yule Catto—Estates House Investment Trust has disposed of its holding of 1,612,500 Ordinary shares.

Finance and Industrial Trust—Yelverton Investments now holds 481,602 Ordinary shares (18.7 per cent).

Prudential Assurance has advised City and International Trust that it has converted its holding of £63,805 4½ per cent. convertible unsecured loan stock 1989-94 into 63,805 Ordinary shares of 25p. The Prudential now holds 1,593,005 Ordinary (12.2 per cent.) together with £89,250 5 per cent. cumulative preference stock (14.9 per cent.).

Nolton Estates—on February 19 Menteith Investment Trust sold 130,000 Ordinary—it continues to hold 177,093 shares (8.514 per cent.).

McLeod Russel purchased on February 13 4,500 Ordinary shares of Makum (Assam) Tea—making a total holding of 22,500 (3.38 per cent.). Namdang Tea, a wholly-owned subsidiary of McLeod Russel, holds 471,104 (70.73 per cent.) Ordinary in Makum making a total holding of 493,604 (74.11 per cent.).

RESULTS AND ACCOUNTS IN BRIEF

ANGLO-INTERNATIONAL INVESTMENT TRUST—Results for 1975 with net asset values, reported February 20. Quoted investments, £2.79m. (£2.6m.). Unquoted, £229,597 (£156,000). Market value of quoted, £4.64m. (£2m.). Directors' valuation of unquoted, £149,697 (£71,530). Meeting, 20, Cannon Street, E.C.; April 2, at noon.

ARDEN AND COBDEN HOTELS—Dividend 2.60p (2.37p) for year to December 27, 1975. Turnover £582,524 (£509,311). Pre-tax profit £44,022 (£32,208). Tax £31,774 (£11,513) leaving £12,245 (£20,695). Before extraordinary items nil (credit £11,000). Earnings per share 1.71p (3.85p).

ASHDOWN INVESTMENT TRUST—Results for year ended November 30, 1975 with net asset values reported January 29. Investments £16.77m. (£5.34m.). Unrealised appreciation £5.19m. (£2.06m. depreciation). Net current assets £303,027 (£1.45m.). Meeting, 120, Cheapside, E.C., March 23, at 3 p.m.

COLONIAL SECURITIES TRUST COMPANY—Results for 1975 with net asset values reported February 12. Investments £7.65m. (£4.47m.). Net current assets £180,891 (£288,542). Earnings per 25p Deferred share 6.6p (6.2p). Chairman says policy is to maintain substantial overseas investment interests and U.K. investments will be mainly in companies with substantial overseas earnings. Meeting, 117, Old Broad Street, March 25 at 2.30 p.m.

CRESCENT JAPAN INVESTMENT TRUST—Results for 1975 already known. Investments £14.44m. (£8.33m.) comprise U.K. £218,506 (£69,500); overseas £9.3m. (£4.21m.); reciprocal loans due 1977 and 1980 £4.92m. (£4.05m.). Chairman says it is intended to remain fully invested for the meantime, to take advantage of what should be a good year for Japanese stock market. Meeting, Edinburgh, March 24 at noon.

FLOREAT INVESTMENT—Second interim 0.4p making 0.7p to date for year ended June 30, 1976. Gross income for six months to December 31, 1975, £40,240 (£44,075). Pre-tax revenue £30,046 (£33,180) after management expenses £9,678 (£7,942) and interest £516 (£2,997). Tax £11,648 (£10,721) leaving £18,398 (£22,459). Net asset value per 25p share 39.6p (26.2p).

FORUM PROPERTIES—Gross income for half-year to September 30, 1975 £107,966 (£55,440) including rental income £105,000 (£42,375), income from quoted investments £1,116 (£1,272) and other income £1,850 (£11,793). Pre-tax profit £48,762 (£26,907). Tax £25,357 (£14,039) leaving £23,405 (£12,958). Earnings per 10p share 0.39p (0.21p).

GEDULD INVESTMENTS—Results for 1975 already known. Quoted investments R16.29m. (R15m.) with marked value R25.76m. (R27.47m.). Unquoted R404,000 (R397,000) directors' valuation R547,000 (R529,000). Net current liabilities R320,000 (R21,000 net current assets). Union Corporation holds 23.79 per cent. of capital and U. C. Investments 24.3 per cent. Meeting, Johannesburg, March 22.

GLASS GLOVER GROUP (importers, fresh fruit and vegetables)—Results, year ended September 30, 1975, with one-for-one scrip, and comments on prospects reported January 29. Fixed assets £0.7m. (£0.59m.), net current assets £0.43m. (£0.12m.). Increase in cash at bank £0.55m. (£0.27m.). Meeting, Connaught Rooms, W.C., March 19, noon.

GLASS AND METAL HOLDINGS—Results, for year ended October 31, 1975, reported February 4. Fixed assets £1.63m. (£0.94m.). Net current assets £1.35m. (£1.33m.). Chairman says capital investment is keystone to profitability and additional £158,000 committed to new plant and machinery. Liquidity is strong and directors constantly on look out for suitable expansion possibilities. Meeting, Connaught Rooms, W.C., March 25, at noon.

H. T. INVESTMENTS—Results for 1975 with net asset values reported February 18. Investments, £1.98m. (£2.05m.) with valuation £1.85m. (£0.99m.). Chairman anticipates income from investments and liquid assets in 1976 and 1977 will continue to show reasonable, but not spectacular expansion. These factors should enable policy to be maintained of increasing dividend rates in these years. Barmas Nominees holds 29.56 per cent. of share capital and H. P. Terry, 10.73 per cent. Meeting, 85 Leadenhall Street, March 30 at noon.

HAWTHORN BAKER—Turnover for six months to November 30, 1975 £457,967 (£575,200). Pre-tax loss £20,006 (profit £43,498). Tax nil (£22,619) leaving loss £20,006 (profit £20,579). Board says current trading is producing modest profits, but it has decided that consideration of dividend policy should await final results.

HILL AND SMITH (steel stockholders, general engineers, etc.)—Results, for year ended September 30, 1975, with scrip issue reported February 5. Group fixed assets £1.34m. (£1.20m.). Net current assets £1.02m. (£0.67m.). Chairman says current year started satisfactorily with indications the steel stockholding is recovering. Contracting division beginning to show potential and fabrication increasing its share of road safety barrier market. Forging division working on much reduced order loads and short-time working in operation. Meeting, Birmingham, March 26.

PLASTOL CRAFT PRODUCTS (DARWEN)—Turnover eight months ended October 17, 1975, was £67,998 (£136,743) profit £43,919 (£5,780), after crediting estimated attributable profits of £22,095 from associate, before tax £11,491 (nil). Earnings per 10p share 2.21p (0.29p). High degree of liquidity maintained thereby enabling continuation of policy of making further acquisitions when suitable opportunities arise. Board does not yet recommend interim dividend but assure shareholders that matter is under regular review.

IMI is well placed for expansion

CONFIDENCE that Imperial Metal Industries is well placed to resume profitable expansion as world trading conditions improve, is confirmed by chairman Sir Michael Clapham in his annual statement.

He considers that the £30m. rights issue is required to secure additional permanent finance so that the group can sustain its international competitive position by continuing to implement an effective modernisation and investment programme during the period when recovery in world economic activity and an associated rise in commodity prices will inevitably make increased demands on working capital. Copper is by far the most important of IMI's raw materials.

In the year 1975, group external sales fell from £348.52m. to £332.04m., and profits from £10.04m. to £7.96m., as stated on February 18. The dividend is 2.68125p (2.5125p), and for the current year the Treasury has given permission for the company to pay 2.948p on the increased capital.

A broad product analysis of the sales were: building £70m. (£60m.); heat exchange £35m. (£29m.); fluid power £20m. (£22m.); general engineering £73m. (£72m.); zip fasteners £40m. (£35m.); refined and wrought metals £94m. (£126m.).

Adjusting for inflation on a CPP basis, sales are shown at £360.3m. (£427.3m.) and profits at £4.3m. (£13.5m.). Net assets employed are £249.7m. (£269.5m.) against £195m. (£185.7m.) historical.

If favourable exchange rates adjustments of £1.6m. are excluded the underlying downturn in profits amounts to £4.4m. or 23 per cent. "And this is perhaps a fairer reflection of the group's trading performance in the year." Volume wa rather less than 10 per

Profit improved by £10.6m. in the second but, Sir Michael say must be applied to th tation of these figur extent of the group's during the year is not estimated.

Compared with £12.7 capital expenditure d year amounted to £ which £8.9m. was on and machinery. At contracts for £2.25m. entered into and authorisations totalled

BOARD MEET

The following companies dates of Board meetings Exchange. Such meetings held for the purpose of dividends. Official indicat available whether dividend are interims or finals and the shown below are based m year's timetable.

TO-DAY

Interims—Campari, For Leisure and General, Willo

Finals—Commercial Unio Royal Insurance, Sedgwick Corporation, Youghal Carpe

FUTURE DATE

Interims—

Glanfield Securities
HTV
Imry Property
Milo Marsters
Stocklake
Wolverhampton Die Casting

Finals—

British Petroleum
British Vita
Corah
Davies and Metcalfe
Investment Trust of Guernse
Montfort (Knitting Mills)
Rhodesian Corporation
Shakespeare (Joseph)
TCK
United Biscuits
Weeks Associates

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
APV	Mar. 26	Final 17.4%
Amalgamated Metal	Mar. 12	Final 12.4%
Armstrong Equipment	Mar. 6	Sec. int. 8.8%
Assoc. Biscuit	Apr. 9	Final 9.9%
Assoc. Portlnd.	Mar. 26	Final 7.3%
Ault and Wiborg	Mar. 7	Final 6.6%
Babcock and Wilcox	Apr. 9	Final 5.5%
Bank of Scotland	Apr. 1	Final 6.4%
*Barclays Bank	Mar. 4	Final 6.6%
*Barrow Hepburn	Mar. 8	Final 8.2%
BICC	Mar. 19	Final 13.4%
*Bibby (J.)	Mar. 18	Final 5.5%
Bilton (P.)	Mar. 17	Sec. int. 14%
Birmid Qualcst.	Apr. 9	Int. 7.5%
Blackwood Hodge	Apr. 8	Final 10.7% §
Booker McConnell	Mar. 26	Final 10.3%
Bowater	Apr. 7	Final 7.1%
Bowring (C. T.)	Apr. 10	Final 8.9%
Bridon	Apr. 3	Final 13.2%
*British Petroleum	Mar. 18	Final 16.9%
Brit. Printing	Apr. 3	Final 13.4%
Brown Bros.	Apr. 2	Final 4.6%
BSR	Mar. 7	Final 24.3%
BTR	Mar. 6	Sec. int. 9.1%
Cape Indusis.	Apr. 2	Final 22.2%
Cement-Roadstone	Mar. 12	Final 10%
Central Wagon	Mar. 18	Final 8.9%
City of London Brewery	Apr. 3	3rd int. 2.8%
*Clayton Dewandre	Mar. 12	Final 21.5%
Combined Engl. Stores	Apr. 3	Final 16.3%
*Commercial Union	Mar. 4	Final 26.1%
Cons. Gold Fields	Mar. 18	Int. 14.7%
Cope Allman	Mar. 7	Int. 30.8%
*Corah	Mar. 24	Final 4.7%
Croda Intnl.	Mar. 24	Final 19.1%
De Beers	Mar. 15	Final 17 cts.
Douglas (R.M.)	Feb. 27	Int. 4.5%
Ductile Steels	Mar. 13	Int. 8.5%
*EMI	Mar. 4	Int. 5.1%
Expanded Metal	Mar. 11	Sec. int. 8.6%
*Fisons	Mar. 9	Final 8.9%
Freemans (London)	Apr. 8	Final 16.8%
Glynwed	Mar. 18	Final 23.6%
Grattan Warehouses	Apr. 6	Final 17.3%
Guardian Royal Exchange	Mar. 13	Sec. int. 27.4%
Guest Keen	Apr. 8	Final 10.5%
Guthrie Corpn.	Mar. 7	Sec. int. 8.9% §
Hanson Trust	Mar. 5	Int. 17.9%
*Harmony Gold	Mar. 11	42 cts.
Hepworth Ceramic	Mar. 19	Final 8%

	Date	Announcement last year
House of Fraser	Apr. 2	Final 14.7%
Ibstock Jhnsn.	Apr. 3	Final 12.8%
Illingworth Morris	Feb. 14	Sec. int. 2.1%
Inveresk	Mar. 11	Final 9.5%
Johnson and Firth Brown	Mar. 12	Int. 5.4%
*Kleinwort Benson	Mar. 16	Final 11.3%
Ladbroke	Mar. 24	Final 33.8%
Laird	Apr. 7	Final 7.6%
Legal and General	Apr. 2	Final 34.9%
Lex Service	Mar. 24	Final 5%
Lister	Mar. 7	Int. 5.4%
Liverpool Daily Post	Feb. 27	Int. 10.4%
London Brick	Apr. 3	Final 7.1%
Lucas Inds.	Mar. 27	Int. 2.1%
Manganese Bronze	Mar. 28	Int. 2.1%
Marks and Spencer	Apr. 10	Final 26% §
Mather and Platt	Mar. 13	Final 10.5%
Metal Closures	Apr. 9	Final 11.2%
*Mitchell Cotts	Mar. 4	Int. 4%
Mixconcrete	Mar. 24	Final 7.1%
Morgan Crucible	Apr. 9	Final 9.5%
Pearl Assce.	Apr. 2	Final 19.7%
*Pontins	Mar. 18	Final 21.6%
*Provident Financial	Mar. 4	Final 16.3%
*Prudential Ass.	Mar. 25	Final 94.5%
*Reardon Smith	Mar. 2	Sec. int. 3.4%
Rockware	Mar. 25	Final 12.9%
Rowntree Mackintosh	Apr. 10	Final 9.4%
*Royal Dutch	Mar. 11	Final 22%
*Royal Insurance	Mar. 3	Final 46.4%
Rugby Pmnt.	Mar. 18	Final 8.5%
Schroders	Mar. 18	Final 9.9%
*Shell Transpt.	Mar. 11	Final 41.7%
Smith (W. H.)	Apr. 10	Final 5.7%
Smiths Inds.	Mar. 10	Final 7.4%
*Steetley	Mar. 10	Final 15.2%
*Stone-Platt	Mar. 23	Final 8.2%
Storey Bros.	Mar. 9	Final 10%
Sun Alliance	Apr. 1	Final 11.9%
Taylor Wdrw.	Apr. 8	Final 21%
Thomson Organisation	Mar. 19	Final 17.1%
Tilling (Thos.)	Mar. 19	Final 10.6%
*Transport Development	Mar. 9	Final 10.7%
*Tube Investmts.	Mar. 24	Final 13.5%
*Turner and Newall	Mar. 23	Final 7%
*Unilever	Mar. 2	Final 7.6%
*Unilever NV	Mar. 2	Final Fls.4.32
*Union Corpn.	Mar. 1	Final due
*United Biscuits	Mar. 9	Final 6.6%
Wimpey (Geo.)	Apr. 3	Final 6.4% §

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY remained firm in general last week, with the shorter period deposit rates increasing slightly, while the mortgage sector also showed a firmer trend. Deposits with local authorities at two days' notice closed on Friday at 8¾-8⅞ per cent., compared with 8⅝-8¾ per cent. at the end of the previous week, and deposits at seven day's notice finished at 8⅞-9 per cent., against 8⅝-8¾ per cent. previously.

Three-month deposits were unchanged at 9-9¼ per cent., while the one year mortgage closed at 10$\frac{1}{16}$-10⅜ per cent. against 10¼-10⅜ per cent.

The gilt edged market was generally firmer, largely in anticipation of a further cut in Bank of England Minimum Lending Rate. The Financial Times Government Securities Index, improved to 63.65 on Thursday, from 62.81 at the end of the previous week, and finished on Friday at 63.46.

One year local authority bonds were placed during the week at £99¹¹⁄₃₂, with a coupon of 10 per cent., compared with the previous week's issue at par, with a coupon of 10⅛ per cent.

* Rate (%) February 27, 1976	
2 days' notice (deposit receipt)	8¾ — 8⅞
7 days' notice (deposit receipt)	8⅞ — 9
7 days' notice after one month (deposit receipt)	8⅞ — 9
7 days' notice after three months (deposit receipt)	9 — 9¼
7 days' notice after six months (deposit receipt)	9$\frac{1}{16}$ — 9¼
Mortgage at one month's mutual notice after 11 months	10$\frac{1}{16}$ — 10⅜
Mortgage at one month's lender notice after 11 months nominal term 2-5 years	n.a.
2 year's mortgage	11⅛ — 11⅜†
3 years' mortgage	12 — 12⅜†
4 years' mortgage	12¼ — 12⅝†
5 years' mortgage	12¼ — 12⅝†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variation and fluctuation. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

INTERNATIONAL COMPANY NEWS

Sharp downturn in SKF profits

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 29.

SKF, Sweden's multinational bearings and steel group, shows a 29 per cent. fall in pre-tax earnings in its preliminary report for 1975. The price increases realised in contracting markets for bearings, steel and machine tools did not make up for the rise in wage and material costs and a poorer performance in the final four months dropped earnings below the Kr.800m. forecast in the eight-months report.

The Board proposes to pay a dividend of Kr.4.50 a share on the Kr.900m. equity compared with Kr.5.60 per share on the Kr.600m. share capital for 1974. This is a fall of 20 per cent.

Pre-tax earnings were Kr.567m. (£64m.) compared with Kr.802m. the previous year. Turnover declined marginally from Kr.6.9bn. to Kr.6.85bn. (£775m.) but the 1975 figures included sales by Sheffield Twist and the French company SARMA, both of which were acquired during the year. If these two companies are omitted, turnover declined by three per cent. in value, indicating a drop in sales volume of close to 15 per cent. The two new companies contributed Kr.185m. to total sales and Kr.7.5m. to pre-tax earnings during the last quarter. Over 70 per cent. of group sales still come from bearings.

Earnings per share are given as Kr.12.65 compared with Kr.20.25 in 1974. Pre-tax earnings work out at over 8 per cent. on total sales, well below the 11.6 per cent. achieved the previous year, but nevertheless higher than the return for the three years 1971-73.

The share capital was increased last year by Kr.300m. to Kr.900m. through a one-for-four bonus issue and a one-for-four rights issue at Kr.60, or Kr.10 above the nominal share value.

Net borrowings rose during the year by some Kr.500m. Investments in plant and property continued at a high level, actual payments during the year being Kr.640m. (£72m.) against Kr.426m. in 1974.

Manufacturing costs rose from 66.5 per cent. of turnover in 1974 to 67.3 per cent. while marketing and administrative expenses rose from 14.2 to 15.3 per cent. Depreciation on plant and *machinery amounted to Kr.442m.* but for the first time a cost calculated depreciation is listed, based on re-purchase values, of Kr.586m., comparable with Kr.477m. for the previous year. The pre-tax figure is struck after the conventional depreciation figure of Kr.442m.

The parent company reports a pre-tax profit of Kr.167m. (£19m.) compared with Kr.247m. in 1974 after a drop in sales from Kr.1.62bn. to Kr.1.59bn.

The preliminary report offers no forecast for 1976 but at a Press conference in Gothenburg the management anticipated a further drop in earnings. It is understood that the bearings market has shown some slight signs of recovery but there remains uncertainty about the timing of the real upturn and about pricing, an area in which the Japanese have so far been extremely competitive.

Trading suspended in G.A.

BY RUPERT CORNWELL

PARIS, Feb. 29.

TRADING IN Generale Alimentaire, in which the Anglo-French Generale Occidentale/Cavenham group holds a 72.5 per cent. stake has been halted on the Paris Bourse ahead of an unspecified financial operation affecting the company.

The brief statement isued by the Stockbrokers Association here gave no details and officials at the company declined comment.

However the widespread assumption is that Generale Occidentale could make an offer to give it complete control. Around 25 per cent. *of its shares* —quoted on Thursday at Frs.77 apiece— are held by the public. Mr. James Goldsmith's Cavenham Foods Overseas has a direct interest of 49 per cent.

In support of the theory that there will be this form of rationalisation is the remark of Generale Occidentale last summer in a prospectus accompanying a rights issue, that it would continue to streamline the structure of the group.

Generale Alimentaire's results for the 1974-75 financial year were disappointing. Turnover was little changed at Frs.2.08bn. (£220m.) compared with Frs.1.99bn. but consolidated profits were slashed by more than half to Frs.24m. from Frs.59.6m. At parent company level, the decline was to Frs.14.2m., after Frs.21m. of exceptional losses and dividend was reduced to Frs.3.75 per share from Frs.4.50.

World Economic Indicators

INDUSTRIAL PRODUCTION 1970=100

					% change on year earlier
	Jan. '76	Dec. '75	Nov. '75	Jan. '75	
Japan	114.3	112.7	111.8	105.9	+7.9
U.S.	119.3	118.5	117.3	113.7	+4.9
	Dec. '75	Nov. '75	Oct. '75	Dec. '74	
U.K.	100.6	101.5	101.5	105.5	−4.8
W. Germany	108.0	119.0	107.5	107.2	+0.7
Italy	104.8	110.2	123.0	103.3	+1.4
France	116.0	112.0	113.0	114.0	+1.7
	Nov. '75	Oct. '75	Sept. '75	Nov. '75	
Belgium	117.9	112.8	111.2	125.1	−6.1
Holland	120.0	112.0	109.0	121.0	−0.8

Public Works Loan Board rates

Effective from February 28, 1976

	Quota loans Repaid		Non-quota loans* Repaid	
Years	By instalments	At maturity	By instalments	At maturity
Up to 5	10	10½	11¼	12⅜
Over 5, up to 10	10½	12¼	12⅜	13¼
Over 10, up to 15	11⅜	13¼	12¾	14
Over 15, up to 25	13	13⅝	13½	14¼
Over 25	13⅝	14	13¾	14½

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A.

ABN shows significant profits jump

AMSTERDAM, Feb. 29.

THE PROPOSED final 1975 dividend for the Algemene Bank Nederland is Fls.12 in cash (same) or a share premium of 2 per cent. plus Fls.5.50 in cash, making Fls.21.00 (Fls.20.00).

The supervisory board has also authorised the management board to distribute from April 28, 1976 an additional share premium bonus of five per cent. These shares will rank for the 1976 and subsequent dividends.

The final 1974 dividend could also be taken in the form of Fls.5 in cash plus Fls.2.50 in common shares from the share premium reserve.

The Bank has already paid an interim dividend for 1975 of Fls.10.

Consolidated 1975 profits (including the Mees En Hope group acquired in 1975, and after appropriations to the provision for general contingencies and after tax) rose by 54.9 per cent. to Fls.186.5m. compared with the combined profit of Fls.120.4m. of Algemene Bank and Mees En Hope in 1974. The 1974 profits of ABN alone were Fls.97.5m.

Taking into account the increase in capital of 39.1 per cent. as a result of share issues and the Mees En Hope acquisition, earnings per share, adjusted for capital movements rose 39.4 per cent. to Fls.49.30 (Fls.35.37).

Reuter

Money and Exchanges

Bank of England Minimum Lending Rate 9¼ per cent. (since February 27, 1976)

Short-term fixed interest rates *continued to decline in the* London money market last week, partly reflecting anticipation of a further fall in Bank of England Minimum Lending Rate on Friday. Discount houses buying rates for three-month Treasury bills were generally slightly under 8¾ per cent., and the three-month sterling certificate yield eased to 8$\frac{11}{16}$-8$\frac{9}{16}$ per cent. *from* 9-8$\frac{15}{16}$ per cent. previously.

At the weekly Treasury bill tender the average rate of discount fell by 0.1849 per cent. to 8.6161 per cent. and Minimum Lending Rate was cut by ¼ per cent. to 9¼ per cent.

Day-to-day credit was generally *in short supply and on Monday* the authorities gave an exceptionally large amount of assistance, by buying Treasury bills and Corporation bills. A full credit supply on Tuesday led to the authorities selling a small amount of Treasury bills to absorb the surplus. A large excess of revenue payments to the Exchequer over Government disbursements was the main factor behind a further exceptional shortage on Wednesday. The Bank of England gave assistance by lending a very large amount overnight to four or five houses and also by buying a very large number of Treasury bills and Corporation bills. A small shortage on Thursday was relieved by further official purchases of Treasury bills, and very large assistance was given on Friday by purchases of Treasury bills and Corporation bills.

The Italian lira came under *renewed pressure last week,* mainly as a result of transfers from lira to dollars by Italian-based oil companies for regular oil royalty payments.

Moves to reduce liquidity in the Italian banking system, an increase of 1 per cent. to 8 per cent. in the central bank's discount rate, and the decision to reopen the foreign exchange market from to-day, helped to steady the lira later in the week.

The lira finished on Friday at L768½ in terms of the dollar and recorded a depreciation of 43.62 per cent. since the Washington Currency Agreement of 1971.

The main point of interest this week is likely to centre around the effect of the recent measures to help the lira, and the reaction of the authorities if pressure continues to increase on the currency.

The pound gained 10 points against the dollar on the week, *to finish at $2.0250-2.0260.*

Gold closed at $132-133, a gain of $¾ on the week.

EXCHANGE CROSS-RATES

[illegible]

FORWARD RATES

[illegible]

EURO-CURRENCY INTEREST RATES*

[illegible]

SPECIAL DRAWING RIGHT RATES

[illegible]

GOLD MARKET

	Feb. 27 1976	Feb. 26 1976
Gold Bullion (a fine ounce)		
Close	$132-133	$131¾-132¾
Opening	$132-132¾	$132¼-133¼
Morning fix'g	$132.30 (£65.230)	$132.25 (£65.247)
Afternoon fix'g	$132.30 (£65.291)	$132.30 (£65.175)

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

WEEKLY AVERAGES OF U.K. INDICES

[illegible]

MINING NOTEBOOK

While waiting for the tide to turn

BY LODESTAR

EVERYBODY knows that in the investment game you cannot get in at the bottom of a market and get out again at the top. Furthermore, it is usually safer to concentrate on the middle range, leaving something for the other man; I'm told that one of the Rothschilds was given to remark that he had made his money by "*buying late and selling early.*"

Even so, there is an understandable fascination in trying to spot the turning point in markets which have fallen heavily from favour. This is the name of the game in Central African issues at the moment and, more especially, in South African Gold shares which along with the bullion price had fallen from grace even before the upheaval in Angola had cast its shadow.

Gold paradox

What appears to be intriguing those investors who made money in the gold share boom of 1973-74 is that whereas the price of gold now appears to have steadied at just over $130 per ounce, the level of London share prices as measured by our Gold Mines index is at its lowest since December, 1973, when the gold price was around $107.

The answer to this apparent paradox is that at that time the share market was anticipating the subsequent advance in the bullion price and that the investment dollar premium contained in share prices then was only 36 per cent. compared with 94 per cent. at present; indeed, the current level of the premium has come back from 124 per cent. in recent times largely as a result of London selling of South African shares.

Obviously the main reason for staying clear of South African gold shares at the moment is that the dust of the Communist victory in Angola has not yet settled. And until an acceptable solution is found to the Rhodesian constitutional problem there remains the danger of an upheaval in that country which, *though it would* be unlikely to lead to a direct confrontation with South Africa, would further depress prices of South African shares.

A satisfactory settlement in Rhodesia might still leave South Africa facing greater political pressures than before the Angola war, but at least the share market would have less uncertainty to cope with than it has at present. So for those investors who would emulate the Rothschild line, it is as well to keep an eye on company fortunes in the meantime.

March dividends

The next major company news on the horizon is this month's "mini" dividend season, covering the interim payments declared by the Anglo American group's Orange Free State gold mines together with those of the Evander producers in the Union Corporation group and the latter's St. Helena mine in the OFS. Inevitably, the lower gold price means that all these payments will be reduced from those of a year ago.

The odd man out is the Barlow Rand group's Harmony gold-uranium producer because its coming dividend will be a final, covering the year to next June. Last year the chairman commented on the mine's heavy capital spending programme and reckoned that if the gold price averaged $160 per ounce dividends would have to be restricted to about 70 cents compared with the 1974-75 total of 77 cents.

So far, however, the gold prices received by Harmony have fallen short of that figure even when allowance is made for the increase in rand revenue arising from devaluation. So a final of 20 cents to make a total of 55 cents is the most the market is expecting.

Turning to the interim dividends that are due we come to President Steyn which is another mine with a high capital expenditure programme in hand which will be restricting dividends. Much depends on board policy in allocating funds between capital spending and dividends so estimates of the pending interim range between 20 cents and 35 cents. A payment of 30 cents, however, seems a reasonable hope bearing in mind that it is still only half that declared last March.

President Brand could pay 100 cents compared with last year's interim of 125 cents which was followed by a final of a like amount. For Western Holdings, guesses are for 190 cents compared with the 1974-75 interim of 225 cents and a final of 250 cents.

Free State Geduld may pay 120 cents against 170 cents last time and the final of 160 cents. Welkom, which paid a total of 55 cents last year is expected to at least halve its interim to 15 cents.

Minorco again

In the Union Corporation group St. Helena's coming interim looks like being 100 cents (last year 145 cents and final 105 cents). Winkelhaak may pay 50 cents (68 cents and 45 cents) while about 22 cents could be on the cards for Kinross (30 cents and 24 cents) and Bracken (30 cents and 22 cents).

On Friday the 13th of last month our daily Mining News column reported the sad story of the Anglo American group's Bermuda-registered Minerals and Resources Corporation. Dragging its 49 per cent. holding in the loss-making Zambia Copper Investments which, in turn has a 12 per cent. stake in the trouble-torn Botswana RST, Minorco reported half-year profits of only $U.S.2.58m. (£1.27m.) compared with $11.41m. for the previous full year and passed its interim dividend.

However, I commented on the fact that there was a feeling in the market that a buying bell could be ringing for the depressed shares. A case for them was made at the time by London jobbers Stocken and Lazarus. Now comes another recommendation from brokers Grieveson, Grant.

They make the point that Minorco can now be considered as no longer having any investment of significance in Africa and that an investor should concern himself with the prospects of the company's other interests. The major one is the 30 per cent. stake in the successful U.S. Engelhard Minerals and Chemicals which they value at the equivalent of $3.69 (182p) per Minorco share, the latter being currently 176p.

Then there is the 43 per cent. stake in the U.S. Trend oil and gas profit-earner and the 12 per cent. holding in the U.S. Inspiration Copper which is currently operating at below break-even levels. Given a continuation of the American economic recovery and a further rise in copper prices, Minorco could get on to the recovery trail and it is pointed out that the shares are one of the few non-African issues that can be bought by South African citizens.

Sabina hopes

A further encouraging drill result has been obtained by the U.S. Steel-Sabina partnership at the Bathurst prospect in New Brunswick which Sabina's managing director, Mr. William Cummins, considers to be *his* company's "most important development." *The latest borehole at the* Canadian property has given 6.34 per cent. zinc, 1.77 per cent. lead and 1.03 ounces silver per ton of ore over a good 86.5 feet.

Regarding the 30 per cent.-owned ground at Navan in Ireland, which is being drilled for Sabina by the South African Messina group, no fresh assays have been made available. But preliminary estimates by the project geologist indicate ore reserves from the initial drilling of 1.3m. tons grading 7.6 per cent. combined lead and zinc.

It is added that Messina has stated verbally that it does not propose to terminate its option, which expires this year, whereby the company becomes committed to spend an additional $175,000 on exploration.

INSURANCE

Assessing commercial packages

BY OUR INSURANCE CORRESPONDENT

IN THE last few months several insurers have introduced completely new package policies for shops, offices and hotels while other have refurbished existing packages in the light of competition. The logic of this kind of policy is of course similar to that of household insurance, holiday travel cover, or "comprehensive" motor insurance. One assesses the insurance needs of a broad band of individual policy-holders in a particular category, amalgamates the covers hitherto provided by several different contracts into one simply handled but necessarily simply worded policy, adds in a few competitive frills, fixes a rating schedule which will allow a simple rapid premium assessment depending on the individual purchaser's requirements, adds a short list of reasonably priced optional extras and then sets the salesmen to work.

As with household insurances one basic ingredient of these shop, office and hotel packages is fire cover, perhaps on the premises, certainly on the stock, contents and furniture, perhaps on both. And it is the value of the property to be covered for fire that largely regulates the *availability of such packages for* the individual purchaser.

Different clauses

In the wings, as it were, is the fire tariff to which so many insurers subscribe. There are of course tariff rates for the commercial fire insurance of shops, offices and hotels, but the tariff companies have decided that FOC members can sell these packages outside the tariff only so long as the sum insured for fire does not exeed £50,000.

Because many shops, hotels and offices are not owned but leased, and because there are many different types of insurance clauses in leases, sometimes none at all, tariff insurers normally build their packages round the stock or contents, leaving the would-be purchaser to include the premises risk if he is obliged or if he wishes and moreover if the addition of the premises risk does not bring the total sum insured above the £50,000 mark. If it does then a separate cover must be bought on the premises by way of standard commercial fire and perils policy.

Subject to this, the material damage cover these packages provide is very similar to that provided by standard commercial contracts; for example, there are normally excesses on the malicious damage and flood sections. Most policies include a section covering loss of profits. Money is insured on or off the premises, and this cover is "all risks", subject to exclusions while there are financial limits which the buyer can vary to suit his own needs.

Now compulsory

Legal liability insurances provided both for employer's liability (which is now compulsory) and for public liability. General market practice is to provide employers' liability insurance without financial limit although the law requires only £2m.; but to fix a limit any one claim or series of claims for public liability. General market practice is followed in these packages and the normal public liability limit is £100,000, although extra premium can be paid to increase this to £½m.

In the hotel insurances this public liability cover includes liability for food and drink and liability for guests' effects, including where necessary guests' motor-cars—this makes the rating of hotel risks a little more complicated. But with all the packages the policy holder builds up his cover section by section and therefore his premium. This may be further augmented by his purchase of optional extras which can include personal injury risk from assault or hold-up and in the case of shops and hotels stock in frozen food cabinets.

Risk improved

The policy holder should gain not only by having most if not all his business insurances *readily reviewable* at one time—he should also be able to effect some overall reduction in premium, due to insurers' savings in administration costs. But although these packages are more production-line contracts than individually tailor-made policies, before assuming cover insurers may still want to survey for fire, crime or liability or all three and in the light of those surveys may want protective devices installed or the risk otherwise improved.

So far as I know no insurer yet offers such packages with index-linked sums insured, but with the current interest in this kind of development, index linking surely cannot be far off.

Antimony price goes up £115

A RISE in the U.K. domestic price for antimony metal—mainly used in the manufacture of car batteries—is announced by Associated Lead, sole U.K. producers.

Effective to-day, the price of 99 per cent. grade goes up by £115 to £1,565 a tonne and 99.6 per cent. *grade from* £1,475 to £1,590.

The increase, approved by the Price Commission, is claimed to reflect general cost rises, including raw material — mainly antimony ore imported from South Africa.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Electricity Council $50m. bond

BY MARY CAMPBELL

ACTIVITY IN the dollar secondary market slackened last week. However, the main reason cited for this was not a slackening of investor interest. It was attributed rather to the increased activity in the primary sector which was said to be creaming off demand again.

New issues announced at the end of last week included $50m. for Britain's Electricity Council via Orion Bank. The five year notes, which are Treasury-guaranteed, offer an indicated coupon of 8¾ per cent.

The fact that the Gas Corporation's recent 9 per cent. issue was standing around par on Friday might suggest a discount pricing. However, it is understood that some $30m. of the Electricity Council's offering has been preplaced. In addition, the management group is a strong one: it includes a number of Swiss banks and the Fondo de Inversiones de Venezuela.

Also announced on Friday was a two-tranche Can.$70m. issue for Royal Bank of Canada, also via Orion. Of the two equal tranches the 12-year bonds offer an indicated 9½ per cent. and the six-year notes an indicated 8¾ per cent. The announcement of this issue followed a 100¼ per cent. pricing on Toronto Dominion's Can.$50m. 9 per cent. six-year offer.

Also in the market is Can.$50m. issue for the ECSC, indicated coupon 9 per cent. on a seven-year maturity; $20m. for Fruehauf International via Smith Barney, indicated coupon 9¼ per cent. on a six-year maturity; and a $15m. 7¼ per cent. 15-year convertible for Daiwa House Industry Co. via Kuwait International Investment Co. The coupon on the Ishikawajima-Harima issue has been cut from 9¼ to 9 per cent.

Union Bank of Switzerland has announced plans for a $100m. convertible in April.

The next issue in the D-mark sector is expected to be DM70m. for Adela Investment Co. via Dresdner Bank. The Swedish company Granges is to offer Sw.Frs.80m. via Swiss Bank Corporation. Coupon will be 7 per cent.

Improving trend at Matsushita

By Charles Smith

TOKYO, Feb. 29.

MATSUSHITA Electric suffered a 4.5 per cent. fall in sales and 40 per cent. drop in operating profits for the year ending November 20, 1975, the company has stated.

It is pointed out, however, that both sales and profits fluctuated sharply from quarter to quarter and that the company's situation began to improve markedly towards the end of the year.

Sales in the first quarter of the 1974-75 Matsushita financial year were down 29 per cent. from a year earlier but up 2 per cent. in the final quarter. Net profits were down 54 per cent. in the first quarter but only 6 per cent. in the final quarter.

As far as exports, which account for about 18 per cent. of total Matsushita sales, were concerned, the 1974-75 financial year also started off badly but ended rather more cheerfully.

Export earnings for the year as a whole were Yen 254.3bn., down 12 per cent. from the previous year's Yen 288.4bn. But exports were doing well in the fourth quarter particularly for stereo components and colour TV sets. Microwave ovens also sold well on the Japanese domestic market.

Matsushita says it has completed its stocks adjustment of colour TV sets and is confident that exports will continue to pick up in the first half of 1976.

The company says it hopes results during the first half of this year will be better than in the second half of 1975, which in itself showed a considerable improvement on the first half of the year.

Figures for the company's 1974-75 performance show that sales were Yen 1,385.3bn., down 5 per cent. from a year earlier. Operating profits were Yen 67.8bn., down 40 per cent., and income before tax was Yen 82.7bn., down 37 per cent.

Bell capital raising planned

BELL Canada will raise $175m. in debt securities in the U.S. capital market shortly to help meet its capital spending programme. This follows a decision by the Federal Anti-Inflation Board disallowing Bell's plans to raise its quarterly dividend from 86 cents to 94 cents. In order to facilitate equity financing in Canada, the debt issue will be made in the U.S. next month. Bell plans to spend about $1bn. on improving and expanding plant and equipment this year.

Scheme of arrangement at Patrick

By James Forth

SYDNEY, F[illegible]

CREDITORS of the fai[illegible] broking firm, Patrick [illegible] have approved a five yea[illegible] of arrangement. The [illegible] which gives the pa[illegible] reprieve from bankru[illegible] taken after a day-long [illegible] of creditors. The sche[illegible] ages a maximum retur[illegible] cents in the dollar, [illegible] with an estimated retur[illegible] 13.4 cents in the doll[illegible] partners were declare[illegible] rupt.

The scheme can still b[illegible] to legal challenge by [illegible] satisfied creditors. O[illegible] creditor, the Commerci[illegible] ing Company of Sydney [illegible] sought to have the [illegible] placed in bankruptcy ea[illegible] week. But the court [illegible] that creditors should be [illegible] to decide on the sc[illegible] arrangement.

Indices

NEW YORK

DOW JONES AVERAGES

[illegible]

IND. DIVIDEND YIELD p.c.

Feb. 20	Feb. 13	Feb. 21, 1975
3.74	3.90	5.14

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Feb. 27	112.02	99.71
" 26	112.46	100.11
" 25	114.31	101.69
" 24	114.66	102.43
" 23	114.13	101.61
" 20	114.67	102.10
" 19	113.86	101.41
" 18	112.02	99.55
" 17	111.12	99.06
1975-76 High	114.67 (20/2/76)	102.43 (24/2/76)
1975-76 Low	77.71 (8/1/76)	70.74 (8/1/76)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Feb. 25 1976	Feb. 19 1976	Feb. 19 1975
Ind. Ord. yield pc	3.31	3.38	4.20
Ind. Ord. p/e ratio	13.75	14.04	8.92
Long-term Govt. Bds. per cent.	5.77	5.79	6.04

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Simplicity Pat.	330,200	19¼	−1½
Litton	322,500	12¼	—
Chrysler	273,000	17¼	−¼
U.S. Shoe	271,900	31¼	+1½
Merrill Lynch	253,800	30¼	+½
Addressograph	242,600	9¼	−¼
Texaco	242,500	25	—
Scott Paper	230,000	21½	−¼
American Motors	197,600	6¼	−¼
Southern Co.	168,300	14¼	—

TORONTO

INDUSTRIAL INDEX

Feb. 27	Feb. 26	1975-76 High	1975-76 Low
193.81	195.02	197.43 (20/2)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Feb. 27	Feb. 26	1975-76 High	1975-76 Low
202.78	204.33	205.67 (23/2)	139.03 (2/1)

COMBINED INDEX

Feb. 27	Feb. 26	1975-76 High	1975-76 Low
195.30	197.22	198.57 (24/2)	138.05 (2/1)

JOHANNESBURG

	Feb. 27	Feb. 26	1975-76 High	1975-76 Low
Industrials	204.1	205.5	223.9 (16/7)	183.2 (23/1)
Golds	221.7	221.9	379.1 (12/1)	199.2 (9/12)

(1958=100). Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Feb. 26	Feb. 19	Feb. 12
On Dividends	5.46	5.67	5.66
On Earnings	8.91	9.29	9.25

SYDNEY ALL ORD. INDEX

Feb. 27	Feb. 26	High 1975-6	Low 1975-6
463.40	464.56	472.06 (23/1/76)	289.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Feb. 28	Feb. 27	High 1975-76	Low 1975-76
340.91	341.29	342.84 (1/2/76)	268.24 (10/1)

HONG KONG INDEX ●

Feb. 27	Feb. 26	High 1975-6	Low 1975-6
448.14	446.99	448.14 (27/2/76)	160.42 (9/1)

SINGAPORE INDEX §

Feb. 27	Feb. 26	High 1975-6	Low 1975-6
274.29	277.44	286.16 (3/2/76)	153.26 (8/1)

EUROPE

	Feb. 27	Previous	1975-6 High	1975-6 Low
Belg'm (a)	109.70	110.55	113.81 (5/2/76)	89.07 (2/1)
Denm'k (b)	101.93	101.62	107.79 (27/1/76)	75.06 (15/1)
France (d)	73.2	73.3	75.5 (26/2)	61.70 (2/1)
Germ'y (e)	785.0	783.1	797.0 (6/1/76)	675.5 (2/1)
Holland (f)	100.7	101.2	107.6 (6/5)	83.2 (2/10)
Italy (g)	89.42	90.28	105.86 (21/2)	76.41 (17/10)
Spain (h)	90.77	90.88	110.96 (22/4)	90.77 (27/2)
Sweden (k)	410.48	409.38	419.63 (9/2/76)	310.56 (9/1)
Switz'r'ld (w)	226.7	227.1	237.7 (15/1/76)	206.5 (2/1)

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (w) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

AUSTRALIAN WEEKLY LIST

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

† Buyer. ‡ Seller. n nominal. xd ex-div.

CORAL INDEX Close 405-410

SINGAPORE STOCKS

* Bid. † Buyer. ‡ Seller.

I.G. INDEX GOLD 130-133

JOHANNESBURG

CANADIAN WEEKLY LIST

† Bid. a Asked.

AUSTRALIA

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

Investment premium based on $2.60 per £1—93¾% (94¼%).

GERMANY ●

MILAN

AMSTERDAM

SWITZERLAND ●

PARIS

COPENHAGEN

VIENNA

STOCKHOLM

SPAIN ▼

BRUSSELS/LUXEMBOURG

TOKYO ¶

Source Nikko Securities Tokyo.

OSLO ●

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, E.C.2 01-588 6280

B'gatePro*Feb. 17	126.8	135.1	.....	2.92
Accm.Uts.* Feb. 17	141.8	151.1	.....	2.92
B'gateInt.†Feb. 24	128.1	137.8	.....	2.67
Acm.Uts.†Feb. 24	135.5	145.8	.....	2.67

Next sub. day Mar. 9. *Mar. 2

Brandts Ltd.♥
36, Fenchurch St., E.C.3. 01-626 6599

Brandts Cap	96.5	103.5	.....	2.19
Do. Accum	106.5	113.5	.....	2.19
♦Brandts Inc	117.0	124.8	.....	7.01

Next sub. day Feb. 28.

Friends Prov. Uts.	32.0	34.2	-0.5	4.28
Do. Accum.	37.7	40.3	-0.6	4.28

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC1. 01-600 9461

G.T. Cap. Inc	62.3	66.2	-0.6	2.70
Do. Acc	71.5	76.6	+0.8	2.70
G.T. Inc. Fd. Un.	107.6	114.4	-4.7	8.70
G.T. U.S. & Gen	132.6	141.0	-5.2	1.20
G.T. Japan & Gen	173.1	184.1	-1.4	0.70
♦Gt. Pens.Ex.Fd.	110.3	115.8	2.20	2.20

G. & A. Tst. Mgrs. (a) (g)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	25.9	27.7	-0.3	4.72

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	18	.....	Craig Ship. £1	365	.....	Shiloh Spinn.	31	+2
Ash Spinning	33	.....	Hallam Sleigh 10p	7½	.....	Sindall (Wm.)	53	.....
Bertam	30	.....	Higsons Brew.	105	.....			
Bdg'wtr. Est. 50p	149	.....	I.O.M. Stm. £1	138	.....	**IRISH**		
Clover Croft	25	.....	Holt (Jos.) 25p	255	.....			
Craig & Rose £1	327	.....	Kleen-e-Ze	13	.....	Alliance Gas (£1)	90	.....
Dyson (R.A.)	23	.....	Lovell's Ship £1	80	.....	Carroll (P. D.)	130	.....
Ellis & McHdy.	63	.....	N'thn. Goldsmith	90	.....	Clondalkin	45	+2
Evans Fr'k. 10p.	26	.....	P.M.A.	63	+5	Concrete Prods.	85	.....
Evered	9	.....	Pearce (C. H.)	80	.....	Goodbody (£1)	34	.....
Fife Forge	55	.....	Peel Mills	12½	.....	Heiton (Hldgs.)	29	+2
Finlay Pkg. 5p	16	.....	Richards 10p	18¼	.....	Irish Distillers.	62	.....
Prod & Reed 50p.	146	.....	RobbCaledon5h.	44	.....	Irish Wire	40	.....
Gardiner & Sons	12	.....	Sayers 12½p	17	.....	Jacob	67	.....
Gardiner (L.)	73	-1	Sheffield Brick	73	+3	Sunbeam	13	.....
			Sheff. Refrshmt.	140	.....	Unidare	70	.....

FINANCIAL TIMES STOCK INDICES

—	Feb. 27	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 20	A year ago
Government Secs.	63.46	63.65	63.31	63.39	63.17	62.81	58.30
Fixed Interest	63.05	63.01	62.90	62.89	62.89	62.78	58.16
Industrial Ordinary	405.2	410.2	409.2	407.2	400.2	391.9	301.8
Gold Mines	183.9	189.5	195.8	189.8	195.3	196.5	398.5
Ord. Div. Yield %	5.16	5.10	5.12	5.13	5.22	6.32	6.59
Earnings Y'ld % (full) (a)	14.83	14.65	14.69	14.74	15.11	15.40	19.57
P/E Ratio (net) (a) (b)	9.92	10.04	10.01	9.97	9.73	9.65	7.08
Dealings marked	6,741	7,938	6,767	7,571	6,900	6,510	9,759
Equity turnover £m	—	70.37	70.25	68.51	67.45	65.95	111.63
Equity bargains total	—	18,390	16,243	15,910	16,018	16,928	28,591

10 a.m. 407.7. 11 a.m. 408.3. Noon 407.4. 1 p.m. 405.9.
2 p.m. 404.5. 3 p.m. 405.9.
Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.54.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975/6 High	1975/6 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (26/1/76)	49.18 (6/1/75)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (26/1/76)	50.53 (6/1/75)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	417.4 (30/1/76)	146.0 (6/1/75)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (25/2/75)	183.9 (27/2/76)	442.3 (22/2/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Feb. 27	Feb. 26
Daily—		
Gilt-Edged	140.8	164.3
Industrials	235.6	231.2
Speculative	85.0	106.4
Totals	153.4	180.7
5-day Average		
Gilt-Edged	164.6	168.6
Industrials	252.2	250.1
Speculative	83.3	80.5
Totals	165.5	162.4

FT—ACTUARIES INDICES

—	Feb. 27	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 20	A year ago
Industrial Group	160.69	163.27	162.04	161.16	159.98	156.01	115.56
500 Shares	175.22	177.90	176.76	176.14	174.85	170.77	124.59
Div. Yield p.c.	5.35	5.27	5.30	5.32	5.36	5.48	6.69
P/E Ratio net	10.03	10.19	10.12	10.11	9.96	9.72	6.97
All shares	167.12	169.65	168.83	168.24	167.01	162.97	125.31
Consols Yield p.c.	13.70	13.60	13.69	13.68	13.53	13.85	14.70

BASE LENDING RATES

Allied Irish Banks Ltd.	9½%	Julian S. Hodge	10½%
Anglo-Portuguese Bank	9½%	Industrial Bank of Scot.	9½%
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	9½%	Knowsley & Co. Ltd.	11½%
Banco de Jerez	10½%	Lloyds Bank	9½%
Bank of Cyprus	10 %	London & European	11½%
Bank of N.S.W.	9½%	London Merc'tile Corpn.	10½%
Banque du Rhone S.A.	10 %	Midland Bank	9½%
Barclays Bank	9½%	■ Samuel Montagu	9½%
Barnett Christie Ltd.	10 %	■ Morgan Grenfell	9½%
Bremar Holdings Ltd.	10 %	National Westminster	9½%
Brit. Bank of Mid. East	9½%	Northern Comm. Trust	10 %
■ Brown Shipley	9½%	Norwich General Trust	10 %
Canada Permanent AFI	9½%	*Portman Guaranty*	9½%
Cayzer, Bowater Co. Ltd.	10 %	P. S. Refson & Co.	9½%
Cedar Holdings	10 %	Rossminster Accept'ces	9½%
■ Charterhouse Japhet	10 %	Schlesinger Limited	10½%
C. E. Coates	10½%	E. S. Schwab	11½%
Consolidated Credits	12 %	Security Trust Co. Ltd.	11 %
Co-operative Bank	*9½%	Shenley Trust	11½%
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Thames Guaranty	11 %
G. R. Dawes	11 %	Trade Development Bk.	9½%
Duboff Brothers	11 %	Twentieth Century Bk.	11½%
Duncan Lawrie	11 %	United Bank of Kuwait	9½%
English Transcont.	11 %	Whiteaway Laidlaw	10 %
First London Secs.	9½%	Williams & Glyn's	9½%
■ Antony Gibbs	9½%	Yorkshire Bank	9½%
Goode Durrant Trust	10 %		
Greyhound Guaranty	9½%		
Grindlays Bank	‡9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9 %		
Hawtin & Partners	13 %		
■ Hill Samuel	§9½%		
C. Hoare & Co.	†9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5½%. 1-month deposits 5½%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 6½%, and over £25,000 6½%.
§ Demand deposit 7%.
‡ Call deposits over £1,000 5½%.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

THE RUBBER TRADE ASSOCIATION OF LONDON

NUMEROUS PROBLEMS SUCCESSFULLY OVERCOME ASSOCIATION WELL PLACED FOR THE FUTURE

MR. J. F. WORTHINGTON, D.S.C. REPORTS ON 1975

The Annual General Meeting of the Rubber Trade Association of London was held on Friday, February 27th, at the London Commodity Exchange Office, Cereal House, Mark Lane, London EC3 with Mr. J. F. Worthington, D.S.C., Chairman, presiding.

As I prepare to step down from office, I look back on a year in which our Association has successfully coped with numerous problems, some of which, like inflation, have been with us for a long time. The general malaise in the world's economy persisted for most of the year; difficulties such as increasing freight rates and surcharges, currency fluctuations, high interest rates, contract anomalies, etc., continued to plague us but fortunately were not so pronounced as in the previous two years and there are now signs that the end of the recession may be in sight. Perhaps I am being too optimistic as I am aware that the path ahead may still have obstacles. Nevertheless I believe that our Association is quite capable of dealing with any further problems that may arise.

At this time last year the price of International Ribbed Smoked Sheet No. 1 was about 28p per kilo for near month shipment on C.I.F. terms and now it is around 39p (per kilo). Though prices were lower in April, they then started to climb, helped along by discussions amongst the Association of Natural Rubber Producing Countries on the practicability (or otherwise) of holding a buffer stock. This measure, it was believed, allied with floor and ceiling prices, might be expected to achieve greater stabilisation as well as an adequate return to the producers. Although since then there have been some fluctuations and erratic conditions throughout the year, the general trend has been upwards towards the levels ruling to-day and this has been achieved without the intervention of governments, thus vindicating the optimism expressed by my predecessor last year. Our free markets, like barometers, are very sensitive to pressures—in our case the inexorable law of supply and demand, and although this may be upset by extraneous factors, the barometer, I venture to suggest, seems "set fair" and at a level which appears compatible with our "relation" and competitor—synthetic rubber.

The need for a buffer stock scheme has possibly receded — at least for the time being — but it may well be revived and made ready by the A.N.R.P.C. for future use in case there is a substantial decline in prices. In that event, it seems to me the scheme could most appropriately operate through the International Rubber Study Group. This is, after all, an intergovernmental organisation whose primary concern is with the production and supply of rubber, both natural and synthetic, and which represents the interests of both producers and consumers.

A very necessary function of the I.R.S.G. is the preparation and publication of statistics of production and consumption of natural and synthetic rubbers and it is a pity that the Statistical Committee of the Group is hampered in the task of drawing up an accurate global assessment because of the failure of certain member countries (contrary to their obligations) to supply the necessary figures and because some other countries, although vitally interested in rubber supplies, have not yet applied for membership. It is to be hoped that these difficulties can be overcome in the course of time.

Last May our Prime Minister when speaking at the World Economic Interdependence and Trade in Commodities Conference in Jamaica reminded everyone, quoting St. Paul some 1900 years ago, that "we are all members one of another". One is glad to think nations are now beginning to realise this as the distances between us shrink through the advances made in the speed of communications and travel, evidenced by the introduction of the two Concordes' supersonic flights in January this year. Nearer home the United Kingdom's decision to join the European Community was confirmed by Referendum in June, this being another step towards interdependence and the necessity to be concerned with the interests of others as well as our own. Certain difficulties, however, may arise as a result of our membership of the EEC. These stem from the perfectly understandable and desirable policy of the EEC to harmonise its laws, its system of taxation and its policies generally with the aim of removing barriers to trade. All this is to be commended, provided that in carrying out these policies and particularly in regard to harmonisation—the EEC does not lose sight of the existing and well-tried procedures that have been evolved by the commodity trades over a long period of time. If changes are to be made it is essential that opportunities for consultation with all who are interested in this matter should be afforded.

In this regard we are grateful to our friends in the Federation of Commodity Associations, whose study of this subject and whose established link with the EEC directorate involved are likely to be of benefit to all.

These events, the Prime Minister's speech and our membership of the EEC are very relevant, as I see it, to the policy and function of the Rubber Trade Association—concerned as it is with the marketing and distribution of natural rubber. We must continue to ensure, as we have always tried to do, that the trade is properly conducted, to set standards for integrity and fair trading and to maintain our good relations with producers and consumers. I think it is no exaggeration to claim that these aims have generally been achieved as is made clear by the widespread use of our contracts and arbitration services and by our harmonious and close liaison with the Rubber Growers, British Rubber Manufacturers and International Rubber Associations, the International Rubber Study Group, the Department of Industry and the Bank of England. We hope also in future to have improved consultation with the Shipping Conferences since freight charges are so vital to our trade. It has been our experience that problems can be better ironed out by talking them over and in the past we have not always had the close liaison in this matter that we would have liked. The theme of co-operation, which was the central point of my predecessor's report last year, is more than ever relevant to to-day's needs. There is an encouraging trend in the councils of the world for the better-off countries to help the developing ones which need the markets and goodwill of the Western world, just as the Western world needs their products. The R.T.A. can play its small part in this endeavour.

Last October, on behalf of the R.T.A., I paid my first visit to the Far East, taking in Singapore, Kuala Lumpur and Jakarta in that order. Of two Conferences held in Kuala Lumpur, one was organised by the Rubber Research Institute of Malaysia in celebration of its Golden Jubilee Year, the other on marketing, by the Malaysian Rubber Exchange & Licensing Board. Both Conferences were organised most efficiently and everywhere we were received with great courtesy, hospitality and friendliness. At the Marketing Conference forty-five papers were presented—six by U.K. colleagues —and the concluding addresses were given by the Minister of Primary Industries and by the late, and sadly missed, Prime Minister, after which we were taken to Port Kelang to see the new container base and other developments.

If I may be permitted to digress, it was probably from the old port here that the first lot of plantation rubber to be auctioned in London was shipped—and in my lifetime! This 'rolled' rubber, as it was then called, apparently caused some consternation amongst our dealers, one of whom went so far as to declare that it was a "manufactured article" and refused to bid. However, it fetched 6/8d. per lb., and in 1910 plantation rubber was auctioned at the highest recorded price of 12/10½d per lb.—the buyer is alive today. The lowest was 1½d per lb. in 1932.

After Malaysia, I flew to Jakarta for the 24th Assembly of the I.R.S.G. where again our hosts extended to us a warm welcome, generous hospitality and a very well planned conference. We participated also in the meetings of the International Rubber Association where agreement was reached on certain minor, but necessary, amendments to the International Contract for Technically Specified Rubbers. Further progress was made, too, on the draft International Contract for Visually Graded Rubbers and although time ran out before we had completed our review of this proposed contract, agreement will surely be reached on this and possibly other international contracts in the foreseeable future. We also had a brief meeting of the International Standards of Quality and Packing Planning Committee to discuss prospective revisions of the Green Book.

You will all know that Her Majesty's Government has set up an all-party House of Lords Select Committee to consider Essential Commodity Prices. I welcome this move as I am sure you will, since nothing but good can come from an unbiased investigation into the workings of the commodity markets, especially if, as I hope, the misunderstandings and prejudices that exist in certain political quarters on this somewhat complex subject are finally laid to rest. I am sure this Association will be only too willing to give evidence, if asked, to help the Committee in their deliberations, insofar as the trade in natural rubber is concerned.

Before concluding, I feel that I should pay tribute to our sister organisation, the London Rubber Terminal Market Association, with whom we have a close relationship. I would emphasise, however, that we are separate bodies, the RTA being concerned with the physical or actuals market and the LRTMA being responsible for the administration of the terminal or futures market. The LRTMA, after eighteen months, is now firmly established. One of the important questions it is at present considering is whether to include Continental tender ports after 1976, which it is believed could broaden the market and facilitate hedging business. Another equally important matter with the same objective is the question of the type and grade of rubber to be tendered. At present it is International RSS 1, a very high grade of sheet, which is considered by some to be too exacting for many shippers. Though the trade in Technically Specified rubbers is rapidly increasing, the time may not yet be ripe to include them for tender. At present the Int.I.RSS backing for our terminal market is for delivery ex U.K. public warehouse and for tender it must be awarded in accordance with this high grade without any allowance if it fails to pass the test. Perhaps a lower grade may be more acceptable?

As I retire from the London market next month after 50 Years with my firm—I speak as a broker—this is my swan-song and farewell. I wish my successor an equally happy term of office and hope that both our Associations will continue to be of service to the rubber trade for many years to come.

COMPANY NEWS

Improving trend for Sidlaw Industries

THOUGH THE overall results of Sidlaw Industries for the first quarter of the current year are better than anticipated and much better than those for the last quarter of 1974-75, it does not mean that they are providing a satisfactory return on the capital employed, the chairman, Sir John Carmichael, tells members.

He is confident that the wholly-owned subsidiary Aberdeen Service (North Sea) will further increase its profits with the near completion of the Peterhead Harbour base and the completion of further investments within Aberdeen. Because of the seasonal nature of its business, by far the greater part of the profits will be in the second half.

As for the company's other activities—hardware, packaging and textiles—much will depend on the country's economy, and as he is not sufficiently confident that it will improve, he will not give any forecast for the current year.

But, he assures members that action has been, or is being, taken either by rationalisation or by closure where last year's experience showed this to be necessary.

The diversification programme as a whole has progressed satisfactorily to the present stage where each of the three operating divisions is now making a profit contribution.

As already reported, trading profit was £1.35m (£1.1m.) for the year to September 26, 1975, and pre-tax profit £555,000 (£800,000). Turnover was £34.65m. (£30.15m.). The dividend is held at 4.89937p net.

Of the group results, textiles accounted for £23.93m. of turnover and £923,000 of trading profit, hardware and packaging £6.18m. and £263,000 and oil services and engineering £4.54m. and £159,000.

The U.K. was responsible for £32.08m. in turnover, North America £253,000, Europe £1.66m. and others £664,000.

The source and application of funds statement showed loans, less repayments increasing by £1.96m. (£34,000 decrease) but there was a decrease in bank overdrafts of £1.88m. (£1.71m. increase) during the year.

Meeting, Dundee, on March 23 at 12 noon.

Chairman's statement, Page 4

Scottish American Investment

THE PORTFOLIO of the Scottish American Investment Company is now more concentrated in the U.S. and Britain than in earlier years, the chairman, Mr. P. J. Oliphant, says in his annual report.

With the foreign dollar premium now applying to all foreign markets and with the good values now available in America, there is less incentive to hold investments in other foreign markets, while the British market has risen more than any other in the last 12 months.

However, markets in Europe, Australia and elsewhere are not being neglected and some 10 per cent. of the group's funds are invested in these areas, the chairman says.

As reported on January 22 with net asset values, gross income for 1975 was down from £3.43m. to £2.75m. The dividend total is 1.8p net (1.75p) and directors expect at least to maintain the increased dividend for the current year.

Including the gearing effect of the dollar loans, the portfolio was approximately 3 per cent. geared at the year end—any change in the value of the equity portfolio would produce a 3 per cent. greater change in the net asset value per share.

Meeting, Edinburgh, March 24, at 11 a.m.

Chairman's statement, Page 4

Common Market Trust advance

For the six months to December 29, 1975, undistributed revenue of the Jersey-based Common Market Trust was £264,411, equivalent to 15.45p per Participating share. The revenue figure in the corresponding period of 1974 was £140,363.

As in previous years, there will be one annual distribution after the end of the financial year, based on the net income available for distribution at that time.

The directors have believed for some months that 1976 would see firm evidence of a real improvement in world economic activity and they believe that this is likely to be reflected in a further upward movement in Continental European stock markets.

As a result the company has continued to increase the proportion of its assets invested in equities.

At December 29, 1975 the Trust, having financed further purchases against borrowings, was invested to the extent of 108.8 per cent. of net assets. This compares with 76.5 per cent. at December 27, 1974 and 96.0 per cent. at June 30, 1975.

To allow for the necessary flexibility and continued growth, the directors have obtained a further multi-currency facility of $U.S.10m. for five years. As at December 29, 1975, the Trust had total borrowing facilities of $U.S.31m. of which $U.S.24m. had been drawn down.

Reliance Knitwear deficit

A turnround from pre-tax profits of £315,000 to a loss of £86,000 has been suffered by Reliance Knitwear Group in the six months ended October 31, 1975 despite marginally higher turnover at £4.44m. compared with £4.28m.

The loss is after redundancy and reorganisation costs of £42,000 and there is no interim dividend against 0.8p net per 5p share last time. Last year, total dividend was 2.574p.

In his last annual report, the chairman, Mr. R. E. W. Newman, said that although it was too early to predict the outcome for the current year, it was hoped that results would be such that the dividend could be maintained.

Camford prospects good

The future at Camford Engineering is viewed by chairman Mr. L. Citroen with "circumspection and qualified optimism."

The company maintains open and intelligent lines of communication with its employees, suppliers and customers, and it has developed over the years a high reputation for flexibility and reliability. He believes the prospects of the group "are good."

After the growth of the company over the past decade, the current year "will be one of consolidation generally." The directors will concentrate on a planned investment policy within the resources of the group and which will form the foundation for its future prosperity," he adds.

The group now possesses a wide range of engineering capabilities and is "well placed to take advantage of any upsurge in future demand." He considers investment to be the right policy for the future, even at the expense of current profits.

Recently, there has been an improvement in the level of enquiries received, "but these remain to be converted into firm orders."

A long-term investment plan for the casting foundry at Hemel Hempstead Engineering Co., which will completely modernise production techniques, has been embarked upon. The casting division will become a significant profit centre, he forecasts.

As reported on December 22, pre-tax profit for the year ended September 30, 1975 increased from £0.88m. to £1.11m., which was in line with forecast. Dividends are being held at 3.35p net on increased capital.

Meeting, Stevenage, March 9, noon.

NEW FINANCIAL MANAGEMENT COMPANY

A new financial managemeent company, Clarke Cox-Johnson, has been formed by Mr. A. E. Clarke and Mr. R. M. Cox-Johnson.

Mr. Clarke is the founder and controlling shareholder of the commodities and metals broking firm, Commodity Analysis, and of Chart Analysis. Mr. Cox-Johnson was for many years a managing director of Leopold Joseph and Sons.

The new company will manage corporate and private assets. Offices are at 59a London Wall, London E.C.2. (Tel. 01-628 8202).

APPOINTMENTS

Mr. D. Hubback

Mr. David Hubback, Deputy Secretary, Aviation and Shipping in the Department of Trade, is to be the new permanent Special Adviser to the Expenditure Committee.

Mr. Hubback joined the civil service in 1939 and, after war service, spent most of his career in the Cabinet Office (1944-50) and Treasury (1950-68). Among posts he has held are those of Private Secretary to the Secretary to the Cabinet (1944-47) and to the Chancellor of the Exchequer (1960-62).

★

Dr. Basil Bard has, by mutual agreement, resigned from the Board of FIRST NATIONAL FINANCE CORPORATION and given up his executive appointment following curtailment by the Group of its investment banking activities. Dr. Bard, who was previously managing director of the National Research Development Corporation, will now devote himself to industrial consultancy.

★

Mr. Reginald B. Smith takes over, as chairman of GEORGE WIMPEY AND COMPANY to-day.

★

Following the resignation of Mr. P. O. Scales from the Board of WHEELOCK MARDEN and from the Boards of companies within the Wheelock Marden Group, Mr. P. J. Griffiths has been appointed deputy chairman and an executive director. Mr. W. J. Lees and Mr. H. W. Leung continue as managing directors and will additionally carry out the duties previously delegated to Mr. Scales as senior managing director.

★

Mr. W. A. Barbour has been appointed a director of CONTIWOOD (DURABELLA). Mr. Barbour joined the company in 1970.

★

Mr. M. B. Mavroleon is relinquishing the position of managing director of LONDON AND OVERSEAS FREIGHTERS at the end of February on taking up residence abroad. He will remain on the Board in a non-executive capacity. Mr. Stanley Sedgwick, who was secretary of the company from its inception in 1948 until appointed assistant managing director ten years ago, will become managing director on March 1. Mr. Basil Mavroleon continues as chairman.

★

Mr. Toshio Nagamura has been appointed resident director for Europe and general manager of the London office of the BANK OF TOKYO in succession to Mr. Minoru Inouye, who returns to the bank's head office to take up a new position.

★

Mr. Russell Kempton, chairman and joint managing director of T. W. Kempton, has been elected president of LEICESTER AND DISTRICT HOSIERY MANUFACTURERS' ASSOCIATION. He succeeds Mr. Frank Robson.

★

The following have been appointed directors of CHANDLER HENDERSON FINANCIAL SERVICES, the new company owned jointly by Chandler Hargreaves Whittall and Henderson Administration. Mr. G. F. B. Grant (chairman), Mr. A. D. Tenant, Mr. R. P. St. G. Cazalet, Mr. R. J. L. Bramble, Mr. A. B. Henderson, Mr. I. B. Church, Mr. D. J. Browne and Mr. J. P. R. Love (managing director). Assistant directors are Mr. P. M. C. J. Stevens, Mr. J. C. V. Lang, Mr. A. Topley, Mr. R. C. Benn, Mr. D. E. Waldron and Mr. D. H. Hume.

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FINANCIAL TIMES SURVEY

Monday March 1 1976

CANADIAN BANKING AND FINANCE

Battle has been joined before the revision of the Canadian Bank Act, key to the country's financial structure. In an atmosphere of tension between business and government the banks will have difficulties in achieving all their aims.

Tempers are strained

ECONOMIC GROWTH has resumed in Canada: a real increase of GNP by 4-6 per cent. is forecast this year, following upon a year during which the aggregate performance was much the same as in 1974. Nevertheless the mood in the business and financial world, if not actually black, is uncertain in the extreme. Everyone is aware that the Canadian economy, and especially an improvement on last year's $5bn. current account deficit, will depend upon the stamina of the U.S. economy.

ASSETS OF FINANCIAL INSTITUTIONS

	Dec., 1967	Dec., 1974	Increase, per cent.
Charter banks	25.2	68.5	172
Trust companies	4.4	12.4	182
Credit unions and caisses populaires	3.4	10.3	203
Mortgage loan companies	2.8	6.7	140

Source: Canadian Bankers' Association.

The shock of the recession has not worn off, nor has that administered by the realisation that oil and gas resources are less bountiful than once believed and may soon leave Canada with an oil deficit of $3bn. per annum. On the political side, recession and inflation, as elsewhere, have redoubled business qualms about a free-spending welfare state, and the introduction of a system of income, price and profits control has pleased neither industry nor labour.

It was to have been underpinned by stringent Government economics, though the advance publicity was rather fiercer than the performance so far. On the monetary side, the Bank of Canada has kept the growth of money supply tight: resulting high interest rates have drawn in U.S. money, which helped external payments but forced up the exchange rate, causing chagrin to exporters.

Mr. Pierre Elliott Trudeau, the Prime Minister, was never a great favourite with the business world. Some of his recent musings about a New Society designed to make up for an alleged failure to make the market system work has upset business — without reconciling labour to wage controls. Mr. Trudeau was probably thinking of little more than of the implications of "bigness," whether it be that of business or that of a trade union movement which at one time in 1975 was driving up labour unit costs at a rate equivalent to 25 per cent. a year. But cries of "socialism" came thick and fast.

The important point to remember on the economic side is that at least in the private sector, wage settlements were coming down some time before the anti-inflation legislation laid down a norm of maximum wage increases. It is 8-12 per cent., depending upon circumstances, in 1975-76, declining to 8 per cent. and 6 per cent. successively in the following years. But the working of the policy is such that highly salaried executives will suffer a cut of nominal incomes after tax, which will hardly improve tempers.

The norm for pricing is that only increased costs may be passed on and that profit margins shall not exceed 95 per cent. of the average margin of the previous five years. Dividends are frozen with exemptions possible for special cases.

Regulations applying the policy to the banks became known last week. The first reaction of analysts was that they would slow down but not reverse profit growth. The rules will set the pattern for other financial institutions.

Assets

Rate of return, being profit before tax as a proportion of total assets, will be kept to at most 95 per cent. of the average rate of return in the five years to October 31, 1974. To avoid injustices a minimum rate of return of 1.05 per cent. of assets is allowed under all circumstances. Charges and spreads will be monitored. Where the rate of return exceeds the permitted maximum, a bank will be allowed to declare as profit that part of it which is attributable to foreign business.

That will give managements a good deal of flexibility, whereas manufacturing industry is threatened with a special levy if it diverts sales into exports to avoid controls. The idea does look a bit strange at a time when Canada has returned its first merchandise deficit since 1960.

It is against that background that Canada is going through its decennial exercise of revising the Bank Act, the piece of legislation which regulates the activities of the charter banks and thereby controls the balance of power between them and the secondary bank sector, including trust companies and regional savings banks. Given the political climate the revision is unlikely to provide the banks with a springboard for progress such as they received with the 1967 Bank Act.

The Act of 1967, in the words of the Canadian Bankers' Association, really turned the banks into "financial department stores," opening their way into mortgage finance and indirectly into the whole field of consumer credit. In the seven years to December, 1974, total Canadian dollar assets of the charter banks increased by 172 per cent., though it is sometimes overlooked that their rivals did even better. The trust companies, which provide many personal financial services, including even chequable accounts, grew more quickly, by 182 per cent., though from a much lower base.

Submissions about how the Act should be changed have been flooding in to Ottawa from all interested quarters, and as often as not clearly betray the interest involved. In potted fashion, this is what they come down to:

1. *The Charter Banks* want to preserve their status as the only institutions allowed to call themselves banks. They want to add leasing and factoring to the lines of business they are allowed to carry out: they want trust companies and others which in practice accept chequable deposits to be made subject to Bank of Canada reserve requirements as far as that particular line of business is concerned; and they want to institute a new regimen for foreign financial institutions in Canada.

2. *The Trust Companies* argue that their matching rules are such that they should not have to entertain reserves with the central bank; they want the banks kept out of leasing (but not factoring): they want the banks not to accept term deposits with maturities over 100 days; they want the law clarified to prevent banks from dealing in securities for their clients; and they want them deprived of the small fiduciary powers they have (which do not include discretionary management of clients' assets).

Impression

In addition to these there is a host of other submissions: the credit union and savings bank sector wants to be spared the need to entertain reserves with the Bank of Canada; insurance agents want the banks to be debarred from following the example set in the U.S. where some banks sell life assurance; and so forth.

The big issues, apart from foreign institutions, are leasing, which is likely to go against the charter banks; and reserves, where the race is open. The impression one gets in Ottawa is that neither the Government nor the Central Bank feel that the reserve system needs to be extended in the interests of monetary policy, but that equity may well dictate otherwise.

There is a related issue that will come to a head, not during the next year or so while the Bank Act is being revised, but in the ten years of its life: this is the proposal for an electronic payments system which will not only replace present clearing mechanisms but even provide the possibility of direct debiting of customers' retail bills from point of sales terminals in the shops. The customer presents a "payments card," not unlike a plastic credit card, which is scanned by the outlet: details, including the amount of the bill are fed into the system, and the money is transferred automatically from the purchaser's account to that of the shopkeeper, even if that involves a payment from one deposit taking institution to another.

The implications, including those for the Canadian computer and communications industry, and those for personal privacy, are still being studied, but the battle lines have already been drawn. The trust companies and other "near banks" want the system to be a public utility, with access for all institutions. The banks agree— provided that these institutions are made to entertain reserves with the Bank of Canada.

Official opinion inclines towards a utility of "common user facility," but the debate still is in its early stages.

The issues between the Canadian banks and near-banks are not unlike those between them and the foreign near-banks set up in Canada, mainly in Toronto. Under the law they may not call themselves banks, a title reserved for banks chartered by the federal parliament; nor may they solicit for deposits, being forced instead into the commerc[i] market with its rath expensive money: I certain tax provisions, themselves serve lauds poses such as the mai of decent capital ratio it more expensive for institutions to borro their parents than it v for a Canadian bank t from that same source a

The growth of the m foreign institutions and assets came to an end for reasons discussed e in this Survey. The a those that report to t of Canada had by then about $1.8bn. In additi were the so-called bankers, a sort of t salesman on behalf of, a U.S. bank without porate identity in Cana Canadian Banker's As estimates that last ye $3bn. in loans was ou to suitcase bankers. Association sees no against this kind of th admits in any ca Canadian suitcases ha seen in other countri the Association doe foreign financial ins brought into the cent reserve system, whic diately would raise the of why they should allowed to solicit for The nationalist ma answer "no"; the adv more competition may "yes." Since in pract may be one and the s son, somebody will square the Maple Leaf

W. L. Lu

Charter banks facing harder times

HARDER times have plainly arrived for the Canadian charter banks after a period of rapid expansion at home and abroad which was accompanied by increased profits. Towards the end of 1975, which some analysts described as a vintage year for the banks, the danger signals had become visible.

The chief of these was the changed economic climate, the delayed but none the less pronounced arrival in Canada of world recession, accompanied by a second year of double digit inflation. That in turn caused the Government to introduce wage and profits controls, the precise application of which to the banks is dealt with in the article above. The immediate stock exchange reaction was that the controls were not as severe as feared.

From the standpoint of share prices the possibility of rights issues becoming necessary has added an element of uncertainty. A recent article in a publication of the Canadian Bankers' Association noted that on the strength of raw data the ratio of deposits to capital was about 35:1 in the Canadian case, 26:1 in the U.S., and 17:1 in Britain. However, the author, Mr. James A. MacMyn, a partner in Peat, Marwick, Mitchell, argued in the November-December 1975 issue of the Canadian Banker, that if adjustments were made to allow for differences in accounting practices, the ratios would come out at 21:1, 27:1, and 20:1 respectively.

Opinion

As far as public opinion is concerned, including attitudes in the official establishment and in the House of Commons at Ottawa, the end of the fat years, if that is what it is, has not made much of an impact. On the whole the tendency is to look upon the banks as more than merely comfortably situated. Their popularity is not great, so that the impending revision of the Bank Act under which all banks must operate is unlikely to bring them concessions as favourable as those of the last revision which took effect in 1967. Revision takes place every ten years and can greatly affect the balance of power within the entire Canadian financial world.

An additional element of uncertainty has been introduced by a pronounced rise in loan losses last year, which could be continued into 1976. It should, however, be said at the outset that these losses have been small when compared with the size of the banking business overall: nor has there been anything in Canada comparable to the stream of allegations and innuendos about the soundness of certain banks in the U.S.

Under existing legislation the Canadian charter banks do not have to be very specific about loan losses (though one of them has admitted to having made a provision of $8m. against loans of $40m. to real estate investment trusts in the U.S. whose troubles have caused so many problems to banks there).

However, from the published statistics and annual accounts one of the largest security dealing and brokerage organisations in Canada has arrived at the conclusion that losses incurred in 1975 in the entire system of charter banks came to $275m., or more than twice as much as in 1974—itself not an especially good year. For purposes of comparison, the aggregate volume of loans outstanding on October 31 last, when the year of account ended, was almost $40bn.

In the light of these figures, no doubts have been cast upon the soundness of the system. It is a point of pride with Canadians that they have not had a bank failure since 1923, though the collapse of a large finance company in the mid-1960s is still remembered with some pain. While the soundness of the banking system has been demonstrated, it is at least in part explicable by the narrowness of the definition of a bank—no institution in Canada is considered to be a bank unless it has been chartered by Act of Parliament.

The criticism is often heard that the charter banks are reluctant to provide venture capital — a criticism which ignores the very strict limits which the law imposes upon their right to make equity investments. The banks have asked for a modest relaxation of these rules, though their competitors argue that merchant banking activities of that sort should be denied since the banks engage widely in commercial lending, and might run into conflicts of interest.

There are ten charter banks, five of which are distinctly larger than the rest. An 11th charter has been granted to a large finance corporation which has been given ten years within which to slough off operations such as leasing through anything but a subsidiary. That is a requirement of the present Bank Act. A 12th entrant, working from scratch, is coming along, but the fact remains that experience has shown that it is easier to obtain a charter, which requires an Act of Parliament, than to establish yourself successfully in business, at any rate on anything more than a regional basis.

There are those who feel that means should be found in the interests of more energetic competition to open the door wider to new banks, including even (*pace* Canadian nationalism) foreign banks. The Finance Minister, Mr. Donald Macdonald, is thought to be of this persuasion, which is of some importance seeing that his Ministry is putting up the proposals for the new regulatory act. But on the other side of the argument it is felt that anything designed to attract new bankers may be self-defeating by increasing the strength of those already in the field.

The right to engage in factoring and leasing is a case in point. The charter banks are at present forbidden to undertake that kind of business, though exceptions exist for leasing carried on by a subsidiary company. In the interests of spreading the overheads of their closely meshed branch network and in the interests of greater flexibility in their accounting, the banks would like that restriction to be abolished. It is a concession which they are unlikely to get, even though it is the sort of reform that might attract new entrants into the banking field.

Leasing

Meantime, the Canadian Bankers' Association estimates that more than three-quarters of the financial leasing in Canada is done by foreign-owned institutions. The issue of these foreign "near-banks" is dealt with in a special article of this survey as well as in the introductory article, which also considers the wider aspects of Bank Act revision.

The former Minister of Finance, Mr. John Turner, who resigned last year, at one time proposed to modify the law which prevents the federal or provincial governments from owning bank shares. In order to mollify sentiment in the West—where it has always been claimed that the economy in general, and finance in particular are run for the benefit of Ontario and Quebec, and at the expense of the rest of Canada—Mr. Turner proposed to let provincial governments take equity positions of up to 25 per cent. in banks they might wish to see founded. But little has been heard of that idea lately, and moreover the political spectrum in the West has shifted with the defeat of the socialist New Democratic government in British Columbia.

The conclusion one is driven to is that the banking c will remain largely undi though some adjustmen ably to the advantage of petitors in the near-ban will be made. Evidenc oligopoly is strong on face. If one of the B offers a service, the ot pretty sure to follow in no time.

Packages offered at t end of banking are c instance. Recent innova clude an offer to custom 60 to pay a surcharge interest due on their account in line with inf the consumer price ind by, say, 9 per cent. in a interest payment due account is augmented b cent. (not nine pe points). It falls far s indexing, but it does he

Another recent in provides freedom of cha cheques drawn, tr cheques free of pound duced fees for strongt credit card, and a banke for a monthly fee. Since varies, the oligopoly is tight.

The same lesson emerg an analysis of the spreads earned by the banks in the year to Oct last: it varied by almost percentage point among Five.

Though it bears less oligopoly question there other important field in the practice of the banks differs widely, th say their involvement ab rough and ready yard- provided by the propor their Canadian and U.S. deposits expressed in Ar currency: in the case of Five it varied between cent. and 49 per ce October 31 last.

Taking aggregate figu the entire charter bank the Canadian Bankers' A tion arrived at the fol conclusions for 1975: national assets accounted per cent. of total asset for 25 per cent. of the balance of revenue. A indirectly that does pu perspective Canadian plaints that foreign fi institutions are creamin some of the rich business able in Canada.

W. L. Lue

CHARTER BANK PERFORMANCE IN 1975

— $ millions —

		Royal Bank	Canadian Imperial of Commerce	Bank of Montreal	Bank of Nova Scotia	Toro Domi
1.	Earnings Assets (12-month average to Sept. 30)	20,432	17,987	16,223	13,115	11,
	% change 1975/1974	+10.6%	+11.6%	+ 6.0%	+19.3%	+14.
2.	Net Interest Income	726.8	624.0	547.9	452.1	37
	% change 1975/1974	+30.2%	+23.6%	+34.0%	+39.4%	+25.7
3.	Other Revenue	179.4	144.5	124.7	93.3	9
	% change 1975/1974	+30.4%	+28.3%	+34.1%	+20.2%	+24.3
4.	Operating Expenses	618.3	506.1	476.8	330.7	28
	% change 1975/1974	+27.5%	+23.1%	+21.4%	+26.1%	+24.2
5.	Balance of Revenue (after tax)	153.2	133.9	102.1	111.7	9
	% change 1975/1974	42.9%	32.2%	80.7%	58.4%	31.
	Average Shares	34,925,000	34,840,000	34,171,875	18,538,479	18,430,
6.	Per share. Bal. Rev.	$4.39	$3.84	$2.99	$6.02	$4.
	(after actual tax paid) tax rate	46.8%	49.0%	47.8%	47.9%	48.3
7.	Return on Capital	12.1%	15.3%	15.1%	13.0%	12.4
	Five-year Average	12.4%	12.6%	11.7%	13.1%	12.2

Source: Greenshields.

Debate on foreign banks

RUSH by foreign bankers t up shop in Canada has l. Not since October 15 a foreign bank established tions in Canada. That was ay when the second phase e Federal Government's gn Investment Review Act ne effective. Since that any new ventures in da by foreign companies been subject to scrutiny by Government's review ry.

e first phase of the Act ne effective in 1974 and ated the takeover of estab d Canadian companies by gners, such takeovers being ed only if it could be n they would be of "signifi benefit to Canada." New stments also are required to ide similar significant bene-

e Act resulted from two des of controversy over extent of foreign control of Canadian economy. The roversy forced the Govern t into an increasing degree ntervention in the area of ct investment capital in s. The federal initiatives taken a number of forms, most overt being specific rols over the level of ign investment that is per ed in so-called key sectors, as banking.

here is no official tabula showing how many foreign ks have established opera s in Canada, but estimates the Canadian banks place number at more than 200 assets of about $1.8bn.

anadian bankers are not ried about the competition n foreign banks as such. ir concern is that the rations of such banks escape detailed federal supervision t governs the activities of ada's chartered banks. se regulations are designed help protect the savings of adians deposited in the ks and also to give the Gov ment effective control of ional money policy.

The Bank Act is now being iewed in preparation for re ions to be made in 1977, and operations of foreign banks ve come under a good deal of ticism. A number of briefs the subject have been pre nted to the Minister of ance.

Foreign banks have become increasingly large com ponent of the Canadian financial system operating outside the formal banking system. They operate through a variety of informal means, including those referred to as "suitcase banking." Such operations, which involve placing business solicited in a foreign country *on the books of the home office* of the institution, are not, for a number of reasons, amenable to regulation by statute.

In the view of Canadian banks, extreme caution should be exercised in approaching this phenomenon by statute, since there is a great danger of interfering with the customary practices that Canadian banks have traditionally engaged in and which facilitate the intercommunications *among* international financial markets that are necessary for maximum efficiency and international competition.

Retaliation

There also is the danger of inviting retaliation against Canadian banks in the home country of the foreign banks operating in Canada. In addition, there is a danger of being drawn into a process of national regulations of the international flow of private capital, which would be inimical to the public interest.

One of the principal reasons and inducements for the intrusion of foreign banks into Canadian markets is the absence of any provision in Canadian law for their formal presence in Canada as banks. The phenomenal growth of foreign-bank-related institutions, legally constituted in Canada outside Canadian legislation governing banking, results from the fact that their powers exceed those of the established Canadian chartered banks, and costs borne by the chartered banks, arising from cash reserves and other regulatory requirements, are not incurred by the offshoots of foreign banks.

In the view of Canadian *bankers, the sensible approach* to this problem is to provide the legal basis for foreign banks to operate in Canada as banks, under certain limitations, while requiring that all banks operating in Canada, whether foreign or domestic, come under the same regulatory regime.

This approach is viewed as purely institutional, since institutions recognised as banks in Canada have certain powers, responsibilities and constraints, as set out in the Bank Act. Similarly, it is suggested that institutions which are recognised as banks in their own country should be required, *with respect to their operations* in Canada, to conform to the legislation applicable to Canadian banks. For this approach to be implemented in any meaningful way, it would be necessary for there to be an institution framework within which foreign banks could function as banks in Canada.

It has been recommended that legislation be enacted to permit the formal presence of foreign banks in Canada on a reciprocal basis. This legislation, preferably in the form of a separate Foreign Banks' Act, with comparable but not identical provisions to those in the Bank Act, would provide for compulsory registration of all financial institutions in Canada which are directly or indirectly controlled by foreign entities which in their home jurisdiction are recognised as banks.

The registration of a foreign bank would include the existence of a comparable entry facility for Canadian banks in the relevant external jurisdiction. It is also suggested that there should be a limitation on the number of outlets operated by a foreign bank. The application should be restricted in the first instance to one office, whether this be a full service branch or a full service banking subsidiary. Licensing of any additional office would be considered as a separate matter on its merits.

Canadian bankers believe that the number and nature of outlets in Canada for foreign banks from a particular jurisdiction should be dependent on the number and nature of outlets made available in total to Canadian banks in the other jurisdiction.

If a foreign-bank-related financial institution operating in Canada could not meet the requirements for licensing under the new Act, or chooses not to apply for such licensing, it is suggested that it would have to arrange to bring the percentage of its shares owned by a foreign entity down to the limits applicable to Canadian chartered banks as specified in the Bank Act, or wind up its operations.

They are a maximum of 25 per cent. per shareholder, and no more than 25 per cent. for all foreigners combined.

Such a legislative regime would bring the Canadian operations of foreign banks under the purview of the federal regulatory authorities, would end the anomalous situation whereby foreign banks can engage in a range of financial activities in Canada that are beyond the reach of Canadian banks, and would be non-discriminatory in the sense that foreign banks would be permitted essentially the same access to Canadian markets as Canadian banks are permitted in the other countries concerned.

Magnet

The magnet that has attracted many of the foreign banks to Canada is trade between Canada and the home countries of the foreign banks, and perhaps to a greater extent the opportunity to participate in the financing of Canada's major energy projects. Billions of dollars will be needed to bring the productive capacity of the Athabasca oil sands up to the level where Canada will actually be self-sufficient in petroleum supplies, with perhaps some left over for export.

This undoubtedly has been a drawing card for the Bank of *America, the largest U.S. bank,* which opened an office in December, 1974 and, in September, 1975, established BA Financial Services, which is involved in term loans to business, leasing and interim construction loans, among other things.

Mr. D. A. McWilliam, president of BA Financial Services, aware that the 1977 Bank Act revision will probably contain regulations for companies like *his, says he is looking forward* to having the Government set the ground rules so that all companies engaged in banking in Canada are operating on a fair and equal basis.

Mr. Sadan Kohri, chief representative in Canada for the Industrial Bank of Japan, which opened an office just before the October 15 deadline, agrees that the opportunity to participate in the financing of energy projects was a plus in his bank's decision to come to Canada. In addition to the Athabasca projects there are the plans for multi-billion-dollar pipeline projects to bring oil and gas from the Arctic Islands and the *Arctic mainland to the* industrial centres of Canada and the U.S. Besides, Japanese investment in Canada has grown substantially in recent years, in coal mining and in the textile industry.

It was trade that brought the Banco do Brasil to Canada just before the October 15 deadline. Mr. Luiz Miranda, the Canadian representative for the bank, noted that Canadian-Brazilian trade has grown from $62.5m. in 1964 to $506.6m. in 1974, with the trade balance in favour of Canada. "Although these figures are impressive," he said, "there is much room for growth when one considers that Brazil's target for foreign trade by 1979 is $40bn."

James Scott
Toronto Correspondent

Inflation worries pension funds

SECURITY HAS generally ranked high in the Canadian scale of values. This phenomenon has been traced to the rigours of the winter in Canada, which could indeed lead to an obsession with the problem of sheer survival.

Whether the theory be fanciful or not, it is true that on a per capita basis Canadians rank second only to the Americans as owners of life assurance ($8,300 as against $9,400); that they traditionally have a high savings ratio; and (on the negative side, and perhaps especially just now) that they incline to believe their economic situation to be worse than it is.

Given such attitudes, it is hardly surprising that Canada has a well developed pensions industry designed to produce benefits additional to the so-called Canada Pensions Plan, the Government-sponsored old age pensions scheme. The less important part of this business comes in the form of fully insured schemes forming part of the life assurance companies' group insurance policies. In 1974 the companies took in premiums of somewhat over $600m. towards group annuity schemes. Fully insured pension plans of that sort do not provide a hedge against inflation and tend to be confined to the smaller employers.

At any rate in the past it was the so-called trusteed pension funds that had a chance of keeping up with the then more moderate rates of inflation. The standard pattern provides for upward revision of starting pensions as far as possible in line with wage and salary levels. In theory portfolio management makes this possible: but the arrival of double digit inflation in Canada in 1974, coinciding with a decline of the equity market by about one-third, caused trouble to a number of funds. Last year was rather better: inflation persisted, but the Toronto Stock Exchange made up at least some of the lost ground.

The events of the past few years must be taken less as indications of immediate crisis than as a warning of possible dangers ahead. No cases have become known where funds of any importance have had to *reduce the scale of benefits,* though in many cases contributions have had to be increased. At the end of 1974 unfunded actuarial deficiencies in the private sector totalled $277m. and those in the public sector $348m. Though the law differs from province to province, it is true in general to say that private sector funds are given up to five years to cover the deficiency. In the public sector *it is different:* a number of pension schemes there are not funded at all but financed from revenue.

The deficiencies compare with accumulated assets of trusteed funds at the end of June last of $19.4bn., and aggregate contribution income of $2.1bn. in 1974, split in a proportion of about 2:1 between employers and employees.

The fact remains, however, *that in the long run* a rate of inflation exceeding the return on assets, as it has been doing for the past two years, is going to pose the most serious of problems — in particular since high inflation can quickly reduce to a pittance what to begin with was a reasonable starting pension. None of the private funds have contrived to revalue pensions after their starting date, even though starting pensions themselves have done *reasonably well. Only* the federal Government is indexing pensions throughout their life to the consumer price index — arousing some fairly bitter comment as to who, precisely, has the greatest interest in arresting inflation. The pattern is not unfamiliar in other countries.

The evident difficulty for private funds to provide anything of the sort has caused some discussion of the entire future of the pension industry. Organised labour has come out for greatly improved State schemes, designed to give old age pensioners up to 70 per cent. of average Canadian earnings (as opposed to a target of 25 per cent. at present). One of the country's leading bankers, with personal experience of running a pension fund, and with a tendency for calling a spade a spade or worse, has said that the diffi*culties caused by inflation may* attract more attention to proposals which would replace private pension funds altogether by a public scheme. It is, however, fair to emphasise two points at this juncture: there is no support for such a proposal visible in Ottawa; and similar prophesies of doom were made when the Canada Pension Plan was introduced in the 1960s. Some smaller pension funds were, indeed, wound up at the *time, but the industry also* received a stimulus which caused the total assets of trusteed funds to triple in the ten years to 1974.

Their portfolio managers —generally trust companies or independent investment advisors, but frequently also men from within the company, have considerable freedom of movement. At the end of 1974 (when the Toronto Stock Exchange was about to rebound), *almost $3bn. of the private sector funds'* total assets of $9.2bn. was in Canadian common and preferred shares. Foreign holdings of $399m., almost exclusively on Wall Street, were relatively insignificant because the law grants freedom from income tax only if a fund has at least 90 per cent. of its investment in Canada.

Underscores

That is a fairly routine manifestation of Canadian nationalism, but it does greatly narrow down freedom of choice and of manoeuvre, especially if one bears in mind that Wall Street has always been a most important playground for Canadian investors: but it also underscores the importance of pension money as a source of equity capital for that part of Canadian industry with an earnings record sufficient to qualify under existing legislation.

There is a discussion going on about how to value equity shares for actuarial purposes. Ontario, the most heavily industrialised province, insists on market valuations whereas the federal authorities, which supervise the funds of some industries such as those of the railways and communications, are prepared to accept a *valuation calculated to smoothe* over market fluctuations, provided the actuary applies "reasonable" criteria.

The tendency among portfolio managers still appears to be to hope that equity shares may provide a hedge against inflation: in spite of the difficulties of realising short-term gains, given the amounts involved, some funds last summer were up to 90 per cent. in equities. But property is coming up as a new fashion, both owned directly and in the form of mortgages. The funds' share in mortgage lending is still modest, but it does show that bricks and mortar look good to them in inflationary times.

W. L. Luetkens

Recovery in stock markets

RISING STOCK prices and heavier trading have provided a profitable start to 1976 for Canadian stockbrokers, following a particularly dismal year in 1975. However, there are a number of uncertainties in the *economy and the brokerage business* itself to be faced.

The Government's anti-inflation programme, which will restrict profit growth and dividend payouts for three years, is bound to dampen the enthusiasm of foreign and domestic investors. At best, said E. S. Miles, chairman of the Toronto Stock Exchange, "this will be a year of modest recovery."

The Toronto exchange is one of five in Canada but it accounts for 70 per cent. of the value of *all trading, and it generally sets* the pace in terms of technology and trading regulations. Important decisions on two fronts will probably be made this year. The *fixed rate commission system is* being challenged by proponents negotiated rates, and a plan to hook Canadian brokers on all exchanges into one computerised trading system is said to be almost ready to be evaluated.

The debate on fixed versus negotiated commission rates is filled with more emotion and guesswork than facts. Nobody can say for certain what a switch to negotiated rates would mean. The Ontario Securities Commission, which regulates the Toronto exchange, will open hearings on the question in May. By that time, U.S. brokers will have been on negotiated rates for a year, but that may not be long enough to show how things change. Moreover, the Canadian industry may not change in the same way.

The industry is divided on the question. A ten-man committee set up by the TSE to investigate fixed-versus-negotiated *rates is evenly split* and has written position papers arguing both sides for members, who will vote early in March. A majority of brokers—perhaps 75 per cent.—now seems to be in favour of keeping the fixed rate system. "My guess is that's where we're headed," said Mr. *Miles.* "But whether the exchange makes a specific recommendation to the securities commission depends on the vote."

Most brokers believe the securities commission favours negotiated rates and increased competition that would probably reduce the number of firms in the business. Chairman Arthur Pattillo says he is uncommitted and wants to weigh arguments from both sides. Those favouring negotiated rates say that system is more truly competitive and efficient, but their arguments are more philosophical than practical. The one thing negotiated rates could do is help brokers compete for the Canadian trading in Canadian issues listed on U.S. exchanges that is *increasingly* being done by U.S. brokers.

Those who want to keep fixed rates say the existing system has worked well and that the effects of negotiated rates could be disastrous. One worry is that they could lead to price-cutting by the big, integrated investment dealers, which would drive some small and medium-sized brokers out of business.

The fixed rate proponents raise a number of other questions. What would negotiated rates mean to service for individual investors? Would the market be dominated even more by institutional investors? What *would happen to* trading volumes and investment decisions? What would happen to equity financing for small companies? These are questions *the OSC will try to have* answered. The overriding consideration, as expressed by Robert Morgan, a former chairman of the TSE, should be: "What do we need to maintain a strong, viable market system?

In contrast to commission rates, automation—in principle *—is readily supported by most* brokers who believe that their industry has a future, regardless of possible structural changes and the usual political and economic problems. The TSE has been pushing ahead on computerisation in two main areas. One is a computer assisted trading system (called CATS) and the other is a Canadian depository for securities. Both are in the early stages of operation. The CATS programme would eventually lead to a system of matching buys and sells for members of the TSE and, perhaps, all Canadian exchanges. The depository is a computer record of stock and bond holdings to be used by institutions and individual investors. Both are designed to reduce the cost of people handling paper, but matching new technology to old business practices has been frequently *frustrating.*

A total of $1.3m. will be spent on the depository over the next three years. An equivalent amount has already been spent to get it into the first stage of operation, and most of that money has come from investment dealers. Eventually, up-to-date records of ownership of all types of securities will be maintained in the computerised depository, although individuals who still want paper certificates will be able to get them.

CATS represents an even bigger challenge, and its development is being financed solely by the brokers through the TSE. Fortunately, the exchange has been able to sell to its members one system developed for CATS—a computerised market information service. This system, called Candat II, provides a wide range of information quickly, including the names of brokers involved in block trades. It can also be used for industry-related calculations such as commission fees, with the appropriate adjustment for currency exchange rates.

The Candat II information service is only a portion of what CATS may eventually provide. One *adjunct* could be record-keeping for individual brokers if high security standards for such information can be met.

Computers

A fully computerised trading system is wrapped up in the programme to develop a Canada-wide securities market, which *has been undertaken by four of* the country's exchanges, led by the TSE, and the Investment Dealers Association of Canada. A Canada-wide exchange will need something *like CATS to* work, and the participants will begin examining the TSE's system this year. Even if the various regional exchanges agree on the project, *consent from* the provincial securities commissions will also be required.

The rivalry that exists between the stock exchanges could stall the national trading scheme, just as it led to a collapse in January of a plan to handle options to buy Canadian stocks through a computerised clearing corporation that would have been jointly owned by the Montreal and Toronto exchanges.

The deal fell throu[gh] because Toronto was [...] with Montreal's comp[...] and partly because [...] initial splitting of th[e] options Toronto would [have] got the lion's shar[e ...] market that it has [...] trading. As a res[ult ...] exchanges are applyi[ng to the] OSC for permission t[o ...] options markets. If [...] ahead alone, th[e ...] *undoubtedly* be [...] among investors [...] options, unlike stoc[ks ...] be traded wherever [...] listed. There is so[...] *among brokers that* [...] jointly-owned Canadi[an ...] market can succeed. T[...] of well-established [...] companies do not trad[e ...] *volatility of many U[...]* and it is volatility th[...] interest in options.

The struggle among [...] exchanges is notably [...] because each is [...] mainly by the same [...] the brokerage indu[stry ...] every need for co-ope[ration ...] efficiency in view of [...] losses. The average [...] daily trading on th[e ...] 1975 was $16.3m.—[...] $17m. a day that brok[ers ...] necessary just to br[eak even.] *In 1974 the average d[...]* of trading was $17.9m[...]

The $4.1bn. total [...] trading during the ye[ar ...] lowest since 1970 [...] 469.6m. *share volume* [...] lowest since 1960. In c[omparison] with 1974, trading v[...] clined 9.6 per cent. a[...] volume was down 17.[...] Membership on the [...] dropped by six to 76 [...] year, mainly becau[se ...] brokers were squee[zed finan]cially and had to m[erge with] others or wind up t[heir busi]nesses.

A seat on the exch[ange ...] bought for only $[...] December and the hig[hest ...] paid earlier in the [...] only $39,000. Ten s[eats were] sold—the most in [...] except 1969 when [...] were created. In oth[er ...] poor years seats hav[e ...] more than $100,000.

In trading during [...] industrial index wa[s ...] cent. higher at the e[nd of the] year, while the oils w[ere ...] per cent. and the ba[se metals] 28 per cent. from [...] depressed levels. Onl[y ...] index lost ground, do[wn ...] cent.

Timothy P[...]

Better showing by insurance

IMPROVED UNDERWRITING results for the first nine months of 1975 indicate that 1976 will be a year of strong recovery for Canada's property and accident insurance companies.

Daniel Damov, president of the industry-wide Insurance Bureau of Canada, says that the improving trend largely reflects premium increases in many insurance lines in 1975, particularly in automobile and commercial insurance, plus the increase in commercial property coverage in the autumn of 1974 that is beginning to work through the system.

The industry posted *its first* quarterly underwriting profit since 1973 when it reported a gain of $1.4m. for the 1975 third quarter ended September 30. In the corresponding quarter of 1974 there was a loss of $44.4m.

For the first nine months the underwriting loss was reduced to $68.1m., against $161.5m. for the corresponding period a year earlier. With investment and other income up more than 10 *per cent.* to $223.5m., it is apparent that the industry's profits are on the upswing, in contrast to 1974's largely break-even position.

Nine-month results also indicate an improvement in the ratio of net earned premium income to net claims incurred, a key ratio in assessing profit *trends. Net earned premiums* jumped to $2.13bn. from $1.79bn., while net claims incurred were $1.48bn., compared with $1.53bn.

At the same time, the ratio of underwriting loss to earned premium income improved by about 6 percentage points.

Mr. Damov notes that while most of the improvement is accounted for by a reduction in losses, the balance indicates that most companies are also successfuly reducing expenses. "However, the obvious reduction in loss ratios resulted more from the fact that premiums are *reaching adequate levels, rather* than from a reduction in claims losses," he says.

On this basis, industry spokesmen confidently predict that the underwriting *loss for 1975 will* plunge to more than half 1974's record $315m. and that the trend of rising premium income, reduced price discounting and greater insurance to value will continue throughout 1976 to produce a small underwriting profit for the year.

Confidence

There is also confidence that capacity is returning to more normal levels in the wake of the tightening markets that followed 1974's hefty underwriting loss when about a dozen—mostly U.S.-based—insurers ceased or curtailed operations in Canada.

However, the rise in investment income is the key factor in capacity growth, spokesmen add. Company profit margins are now starting to expand, after being squeezed last year by weak investment returns, rising claims losses due to inflation and the need to maintain fixed asset-to-liability ratios under Government solvency regulations.

Earlier *concern* that future rulings of the Anti-Inflation Board, the agency set up to administer the federal Government's wage and price controls *programme, would hobble the* return to profitability through pricing increases is now waning. Royal Insurance Group of Toronto, Canada's largest private insurer, which late last year said it would cut back its new business commitments pending clarification of AIB insurance pricing restrictions, has now rescinded that decision.

A. A. Horsford, president for Canada, says that the company has budgeted for an increase in net written premium income in 1976 of more than $100m. over last year to about $385m. "We plan to operate at maximum capacity this year and will write as much business as we can at the proper prices."

He says the company is confident that the AIB has a greater understanding of insurance pricing systems as a result of recent discussions among Board members, officials of the Insurance Bureau of Canada and Richard Humphrys, federal superintendent of insurance.

Because the federal Department of Insurance is concerned with company solvency levels, Mr. Humphrys' input to the AIB *is expected to influence its* assessment of premium revision requirements.

At the same time, there is some feeling in the industry that premium increases this year may be at minimal levels in the wake of 1974's hefty pricing moves that saw motor insurance rates go up by about an average 50 per cent. and commercial insurance premiums by up to an average 30 per cent.

E. F. Belton, president of the *Insurers Advisory Organisation,* which represents close to 50 major companies, expects that 1976 premium increases will be "well below" 1975 increases. "Our statistics clearly show that the industry's vigorous efforts to get insurance to value on property coverage has resulted in large rises in written premium income to most companies.

"In addition, the premium increases taken last year have proved to be more than adequate. The companies bit the *bullet and introduced the large* premium hikes they needed following the record underwriting losses of 1974," he says.

Despite company assurances of a widening market capacity, independent agency forces continue to complain of market scarcities for some types of coverage in parts of Canada. These pockets include property and commercial vehicle insurance in Alberta and Northern Ontario, residential insurance in northern parts of the Prairie Provinces and motor insurance coverage in the Atlantic Provinces, especially in New Brunswick where the Provincial Government plans to implement a comprehensive, compulsory no-fault system later this year.

Premium increases are also expected in motor and some property lines in Saskatchewan, Manitoba and British Columbia, where Government-run insurance plans operate. Drivers in British Columbia face heavy premium increases for car insurance after the Insurance Corp. of British Columbia reported a deficit of $181m. for fiscal 1975.

Emphasise

However, most company managers emphasise that any premium increases in commercial, residential or motor insurance will fully comply with AIB regulations.

In life insurance projections, Canadians' traditional love for life insurance shows no sign of cooling in 1976 following a record growth in premium income, life assurance and annuity sales and company assets last year.

James Lewis, president of the industry-wide Canadian Life Insurance Association and president for Canada of Prudential Insurance Co. of America, notes that the same trends that brought a 20 per cent. increase in sales in 1975, compared with the previous year, are expected to continue as the public increases its coverage in times of inflation and economic uncertainty. The only dampening factor, he says, is the as yet undetermined effects of future AIB rulings on life insurance pricing and company profit levels.

In 1975 premium income rose to $3.45bn. from $3.1bn. in 1974 on sales that increased to $33bn. from $27bn. Industry assets at December 31, 1975 were $23.4bn., compared with $21.7bn. at the end of 1974.

A survey of the investment transactions of the 16 largest life insurers during 1975 shows that they increased bond holdings by $650m., compared with $400m. in 1974, while share and property holdings rose by $300m. from $218m. Mortgage holdings showed a gain of $550m.

Mr. Lewis said the life companies plan to commit an additional $200m. in residential mortgage loans in 1976 in response to housing initiatives by the Federal Government.

Lawrence Welsh

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Trust companies on the upswing

THE SHORT-TERM outlook for Canada's trust companies is extremely bright, coming as it does after a disastrous 1974, when profits suffered because of a number of cyclical industry problems. However, the longer term outlook is clouded with uncertainty over the federal Government's anti-inflation programme and the scheduled review of the Bank Act in 1977.

Final figures for 1975 are not yet available for the $40bn. Canadian trust industry, but partial results for the year indicate one unmistakable trend: almost all sectors of the business showed improved revenues, and the forecast is for this to continue. During the first nine months of 1975, the country's 13 largest trust companies showed a profit increase of 74.58 per cent. over 1974.

The upturn in trust company fortunes during 1975 was due almost solely to the industry's ability to obtain better interest spreads between the money it borrows and what it lends. A year ago, trust companies were faced with rapidly rising costs for deposits, brought on in part by competition among various financial institutions for funds that was the result of the federal Government's tight money policy.

About the same time, consumers demonstrated a reluctance to tie up money for long periods. Since trust companies try to match the maturities of funds they receive on deposit with what they lend, the industry faced a shortfall in the amount of long-term money it had available to meet loan commitments. In Canada, the bulk of trust company lending is for residential and commercial mortgages with a term of five years.

Many trust companies found themselves with mortgages outstanding earning between 9.5 and 10.5 per cent. during a period of tight money, and being forced to pay the same rate or more for funds to apply towards these loans. The experiences of 1974 have led to some radical changes in traditional industry practices.

Floating rate commitments are by and large the rule when lending; by not fixing the interest rate at which a loan will be made until the money actually leaves the vault shifts the risk of rising rates away from the trust company to the borrower. And more care is being exercised than ever before in matching maturities. The changes should make the trust industry somewhat less prone to fluctuations in profit during periods of economic downturn.

Helping profits along has been the renewed vigour of the domestic real estate market place. *Trust companies have become a force to be reckoned with* in Canadian real estate brokerage, accounting for an estimated one-half of all commission revenues. During the disastrous 1974, the real estate market place in Canada came to a virtual standstill because *of high mortgage interest rates* and the reluctance on the part of buyers to pay sharply higher prices for properties.

Despite continuing buoyance in real estate and predictions of interest rate stability, however, trust company fortunes are not boundless. At present, they face a rather uncertain period during which the Anti-Inflation Board sorts out how it intends to regulate the profits of both the banking and trust industries.

In aggregate terms, trust company profits are miniscule beside those of the banks. Profit of Canada's 13 largest trust companies during the first nine months of 1975 totalled $54.4m. For the banks' year ended October 31, 1975, aggregate profit was $419.8m. In the public's mind, the subtle difference between the fiduciary role of the trust company and the broader lending activity of a bank is lost when both groups show such startling profit increases during times of economic stress.

While the problems with AIB are being sorted out, delicate negotiations continue behind the scenes in Ottawa over revisions to the country's Bank Act in 1977. Although trust companies are not directly regulated under the Bank Act, their role in the economy is directly dependent on what activities the chartered banks are allowed to engage in. Basically, the banks want more authority under the new Bank Act—much of which could come at the expense of trust companies.

Endangered

In public and in private, trust company officials say the industry could become an endangered species if the Government grants the banks all they have asked for when it amends the Bank Act next year. Trust companies would not be able to survive when forced to compete alongside the bigger and more powerful banks, warns Kenneth White, president of the Trust Companies Association of Canada and president of Royal Trust Company of Montreal, the country's largest trust company with assets of $3.2bn.

Basically, chartered banks want trust powers, which only trust companies have at present, but excluding discretionary management on behalf of clients. The banks want to engage in certain fiduciary services, including the administration of individual tax shelter plans or home ownership saving plans. "We can't let the whole of the business fall into the massive hands of the banks," Mr. White says.

Clearly, the banks want access to the lucrative area of contractual savings for retirement and home ownership for the additional pool of funds they provide. But for trust companies, the issue runs much deeper: they are openly worried the banks will usurp all trust functions in the future if they are successful in getting into the area of savings plans.

They argue that a potential conflict of interest, both economic and legal, exists that may hamper a bank's provision of banking services. Provision of trust services is not a "true banking function and is in fact incompatible with it," the Trust Companies' Association argued in a recent brief to the Government on the subject of the Bank Act. They also argued that the market is adequately serviced at present and a further extension of trust functions to banks would represent an unnecessary duplication of services.

Put into perspective, some trust company officials also want to intrude into some of the banks' traditional fields, such as commercial lending. Mr. White argues that trust companies should not be allowed into commercial lending, as this could lead to a conflict of interest situation, which he would like to avoid by giving the banks trustee powers.

The fight between the banks and trust companies has a couple of imponderables. First, the banks have a long-standing reputation for having well-oiled access to senior decision-making levels within the federal Government. This might have tipped the scales in their favour in previous years.

But, in the eyes of the public, the banks have become greedy. There is a growing acknowledgment that politicians might just choose the present time to crack down on the banks and use them as a whipping boy for many of the economy's past failures. In this case, the banks might be the losers in this epic struggle.

Patrick Howe

Mutual fund problems

MANY MUTUAL funds in Canada's $3bn. plus mutual fund industry made good gains in net asset value per share thanks to improved stock markets in 1975 versus 1974. But some fund managers indicated that redemptions nevertheless again exceeded sales so that the number of shares outstanding declined.

In 1974, net redemptions (redemptions minus sales) totalled $74.6m., which was at least lower than 1973's $160.9m. Sales in 1974 were $341.7m., which compared with $428m. in 1973.

At the end of 1975, the *Canadian Mutual Funds Association* had 63 member funds with assets at the year end of $1.8bn. which compared with 65 funds with assets of $1.6bn. at the end of 1974.

But stronger markets could at first tempt more redemptions than sales if investors decide to take their profit when they can. (In recent years, redemptions have largely reflected re-investment in safer vehicles such as term deposits at financial institutions, and in vehicles promising a surer capital gain, such as real estate where values have escalated dramatically.)

Already, some fund managers are reporting increased interest in equity funds — but particularly those invested in U.S. stocks. Stock markets in the U.S. out-performed Canadian markets last year and so far this year, and some analysts expect that trend to continue.

Mutual funds also could gain popularity were brokerage commission rates to become negotiable and competitive rather than fixed as they now are for orders of less than $500,000. The difference between commissions paid by institutional investors such as funds, and by individuals, would probably widen, therefore, encouraging individuals to invest through funds. The Ontario Securities Commission will hold hearings in May to discuss the pros and cons and the outcome is far from clear.

Strides

Mr. Warren Goldring, who is chairman of the CMFA and president of AGF Management of Toronto, says 1975 was notable for three developments. First, it was a year when the banks and trust companies made big strides in the managed funds industry, particularly with contractual savings plans. The Canadian Government has offered investors tax concessions for the purpose of financing their retirement (through registered retirement savings plans—RRSPs) and, most recently, the down payment for a first home (through registered home ownership savings plans—RHOSPs).

The big growth area has been deposit and guaranteed funds. These are invested in either savings or term deposits with relatively high interest rates which are adjusted regularly to reflect the market, and which guarantee no loss of capital — at least for the first $20,000, which is insured in the unlikely event that the financial institution fails.

Those funds have an edge over many mutual funds because they charge no front-end load (sales commission charge, running up to 9 per cent. of the amount invested), because the branch network is a good sales tool and because they effectively eliminate the risk of capital loss.

Trust companies also offer equity and bond funds, which again charge no front-end load. Royal Trust Company of Montreal's M (for mortgage) Fund has been the most successful, with assets of $364.3m. at the end of 1975, or about a third of all trust company-managed funds. Trust company mutual funds are called investment funds.

A second characteristic of 1975, says Mr. Goldring, is that the industry has been reduced to the strong members, and growth now depends on "how they differentiate themselves, not by their sales force but from their structure and their approach to the market place."

Many manage a variety of funds to appeal to a cross-section of investors and to allow investors to play market swings by shifting from one fund to another at a minimal cost. Investors Syndicate of Winnipeg, the giant of the industry, as well as Guardian Growth, United Funds Management, AGF Management and Eaton Fund Management are among the largest.

AGF this year introduced yet another new fund, probably Canada's first short-term money market mutual fund. It is along the same lines as funds introduced in the U.S. a few years ago.

Third, the size of the industry's direct sales force declined further in 1975, to about 1,200 who sell funds only, but 3,000 who are dual-licensed to sell insurance as well. Sales have been too weak to sustain a large force, and many funds, including AGF, sell through brokers instead. *Eaton and Investors*, with their extensive product range, are among the few exceptions. Eaton has a salaried sales force which is dual-licensed to sell through 22 Eaton department stores, while Investors has commissioned salesmen who sell through its branch offices.

Looking at the performance of funds in 1975, there is a startling contrast with 1974. A survey in the Financial Times of Canada, a Toronto-based weekly, showed that the net asset value on a year-to-year basis of funds that ranked toward the bottom in 1974 ranked first and second in 1975, and a fund that ranked first in 1974 ranked 133rd of 134 in 1975.

The Canadian South African Gold Fund, which invests in Canadian and South African gold shares and in gold bullion, nose-dived to 133rd spot. Still, for the five-year period since 1970, the fund experienced a 115.2 per cent. gain, which put it close to the top performer.

The Canadian mutual fund industry expanded rapidly in the late 1960s when stock markets were climbing quickly and short-term gains comparisons were a strong marketing aid for over-zealous, hard-sell salesmen. The collapse of the market, beginning in 1970, shook the industry, and the CMFA ever since has been trying to resurrect the credibility of funds.

Jane Chudy

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
15F	15A	Treasury 6½pc 1976‡‡	98⅔	9.1	6.59	9.50
1M	1S	Victory 4pc 1976‡‡	98⅝	26.1	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	101⅛	7.11	10.38	9.01
10M	10S	Treasury 6½pc 1977‡‡	98⅓xd	2.3	6.37	8.17
15M	15S	Electric 3pc 74-77	97¼xd	9.3	3.07	5.26
25M	26S	Treasury 11½pc 77‡‡	103⅛xd	16.3	11.14	9.27
15M	15N	Treasury 3pc 77‡‡	93⅞	9.10	13.19	6.64
20J	20J	Transport 4pc 72-77	94⅛	13.11	4.24	7.40
15M	15S	Treasury 9pc 1978‡‡	98⅔xd	9.2	9.10	9.47
14J	14J	Treasury 10½pc 78‡‡	101⅛	8.12	10.38	9.82
26M	26S	Exchequer 5pc 76-78‡‡	93⅛xd	12.3	5.37	8.01
9M	9S	Treasury 11½pc 79‡‡	103⅛xd	2.3	11.10	10.11
17M	17S	Treasury 3pc 79‡‡	88⅛xd	9.2	3.39	6.74
26M	26S	Electric 4¼pc 74-79	88⅛xd	18.2	4.80	8.02
1M	1N	Treasury 10½pc 79‡‡	100⅛	25.9	10.46	10.41
1M	1N	Do. 10½ 1979 'A'	100⅛	—	10.48	10.41
15M	15N	Electric 3½pc 76-79	87¼	9.10	4.02	7.49
3M	3S	Treasury 9pc 1980‡‡	96⅛	26.1	9.32	10.06
14M	14N	Treasury 9½pc '80‡‡	96⅛	8.10	9.86	10.56
14M	14N	Treasury 9½pc 1980 'A'	96⅛	8.10	9.56	10.57
15J	15D	Treasury 3½pc 77-80	86	10.11	4.07	7.36
15J	15D	Funding 5¼pc 78-80‡‡	87¼	10.11	6.02	8.88
15J	15J	Treasury 11½pc 1981	103⅛	9.13	11.14	10.62
		Five to Fifteen Years				
15F	15A	Treasury 3½pc 79-81	84⅝	9.1	4.13	7.24

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

S.E. List Premium 51½% (based on $2.0258 per £)

Conversion factor 0.6665 (0.6566)

CANADIANS

S.E. List Premium 50% (based on $1.9952 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mine 17½p	9	19.5	m0.5	—	1.5
—	Charterhall 5p	29½	3.67	—	—	—
Aug. Feb.	Cons. Murch. 10c	600	12.12	Q80c	ϕ	7.4
— —	Laurasia	35	—	—	—	—
July	Northgate C$1	390	27.3	tQ25c	1.0	3.5
Jan. June	R.T.Z.	182	17.11	g5.51	4.4	4.7
—	Sabina Inds. C$1	57	—	—	—	—
—	Stanford Mines$	45	—	—	—	—
—	Tara Explrn. $1	£10½	—	—	—	—
— —	Yukon Cons. C$1	103	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ϕ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 17

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FINANCIAL TIMES
Monday March 1 1976

Italy resumes official lira trading to-day

BY ANTHONY ROBINSON ROME, Feb. 29.

OFFICIAL trading in the Italian *lira resumes to-morrow* after nearly six weeks of free floating, during which the currency fluctuated widely in the absence of Central Bank support.

On Friday, the lira closed at 771 to the dollar compared to 686 when the decision was taken to stop official trading on January 20 and a low point of 806 to the dollar early last week.

The Bank of Italy has let it be known that it intends to operate a flexible defence aimed at ironing out irregular movements rather than attempt to defend the parity at an artificial level.

Econometric studies by the bank indicate that the lira should settle down within a range of 750 to 770 to the dollar and it is within this fairly wide band that the bank expects to carry out its *support operations.*

Over the last few weeks, the monetary authorities have sought to build up the reserves available to back this flexible support policy. The Treasury said over the week-end that convertible reserves available for the purpose stood at \$1,941m.

This includes the \$594m. of convertible currencies left in the reserves when the authorities decided to stop intervention, plus \$79m. worth of Special Drawing Rights, \$750m. made available on a swap basis by the New York Federal Reserve Bank and \$500m. reloaned by the Bundesbank.

The latter refers to the return, agreed on Friday, of the first \$500m. tranche repayment of the total \$200m. gold-backed loan agreed at Bellagio in August, 1974. Italy retained this first tranche in the spring of last year.

The Federal Reserve swap is *essentially a bridging finance* operation. Formation of the new government, however, has made it possible to go ahead with negotiations for longer-term borrowings of \$530m. from the International Monetary Fund and \$1,000m. from the EEC. Both loans are being negotiated.

The authorities have not stopped at merely boosting the reserves. They have also raised *the discount rate twice in a* month to a new level of 8 per *cent., plus a threestage increase* which brings the maximum discount rate to 11 per cent. for persistent commercial bank borrowers.

It has also taken a series of steps to reduce bank liquidity and subsidise credit facilities for exporters.

As a result of the new credit squeeze, the major Italian banks said last week that they had raised the prime rate for commercial borrowers from 12 to 14 *per cent.*

These are the highest interest rates in Europe and raised considerable concern about the effect it would have on industrial investment and future growth prospects.

The first signs have emerged this week-end of a break*through in the lengthy deadlock* on national labour contract negotiations for 300,000 engineering workers employed in the State sector.

An agreement has been reached on the rights of trade unions to be informed and consulted on investment matters.

The unions are insisting on the rights as a main condition for keeping demands for higher wages as low as possible.

First director quits as FNFC starts to reduce its size

BY MARGARET REID

DR BASIL BARD has left the *Board of First National Finance* Corporation, the secondary banking concern where he has been a full-time director for two years, with a compensation payment *for loss of office* believed to be about £40,000.

About eight directors are expected to step down this year from the Board of the group, which incurred a loss of £83m. in the ten months to October last year, and which has received support loans of more than £300m *from the big banks'* "lifeboat."

Mr John Glyn, chairman has said that the Board of 16 is being substantially reduced in line with the big cut in the size and scope of the business.

Another of those expected to leave is Mr Pat Matthews, who built up the company, of which he was chairman for some years and is now a joint managing director.

Negotiations have been under way for some time on the "handshakes" to be paid to *departing directors for loss of* office. The first settlement has been that reached with Dr. Bard, the 61-year-old patent specialist and former managing director of the National Research Development Corporation, who went to FNFC in early 1974 with a contract for about 5½ years.

Mr. Maurice Denton, the other joint managing director, who joined from the National Westminster Bank last year, said yesterday that one or two more departures from the Board would be following soon.

"Getting down to half the size of the present Board is something we'll do throughout 1976, rather than in March," he said.

Information on compensation payments already agreed is expected to be included in FNFC's accounts later this month, although as they will be made in the current year they do not strictly speaking, have to be disclosed until the 1975-76 accounts.

Fair competition guide expected for NEB

BY MARGARET REID

THE PRINCIPLE that the National Enterprise Board should operate on terms of fair competition with companies in the private sector is expected to be a key theme of Government guide-lines, due out to-day, *defining its role and responsibilities further.*

Any loans the Board makes, for example, will have to be at *commercial rates of interest*, an important benchmark being what would be paid by a first-class borrower in the private sector. The rules of the City Take-over *Panel, and monopolies and* mergers rules, will apply where appropriate.

It is clear, too, that the Board will use the services of the City's merchant banks, as required, in its investment and other operations.

More than one merchant bank is already advising the Board, whose future policy is thought to be to employ different merchant banks, as desired, in various contexts, so spreading its business around.

It is also expected that the Board will consult Mr. Eric Varley, Industry Secretary, and his Department if it wishes to *buy a share stake of more than* 10 per cent. in a company which is opposed to such a purchase.

This requirement appears more restrictive than the 30 per cent. limit prescribed in the Industry Act, 1975.

But the process of consultation with the Government in such a *case would be in line with the* practice of close discussion already established with the Industry Department.

The Industry Secretary also has to give his consent for the Board to sell any shares.

Indications are that the Board is unlikely to act as an aggressive operator in the stock market in building up share stakes in companies.

The probability appears to be that it would negotiate to buy blocks of shares, or have new shares issued to it, should it desire to move into a shareholding position in pursuit of its *objectives in industry.*

The expected character of the guidelines should allay any fears on the part of the Confederation of British Industry that the Board might operate on unfairly preferential terms in its dealings in the private sector.

It remains to be seen whether *they will be less popular with* Left-wing Labour MPs, whose concern has, however, often been that the Board's activities might be unduly circumscribed by the £1bn. limit on its resources.

Market price

Mr. Varley said in the Commons in October that the Board would have no special privileges but equally no special shackles.

Of the several major blocks of shares transferred last week from the Industry Department to the Board, those in Ferranti, *Alfred Herbert and Cambridge* Instruments changed hands at values reflecting their cost to Government funds.

The interest in Brown Boveri Kent was taken over at a value based on Friday's market price. The price for the transfer of the big holdings in British Leyland and Rolls-Royce (1971) remain to be settled.

TUC to urge Healey to tackle jobless

BY ROY ROGERS, LABOUR CORRESPONDENT

TUC leaders will meet Mr. Denis Healey, the Chancellor, this month when they will urge him to take further moves to tackle rising unemployment by injecting almost £2bn. into the *economy in his Aprilu Budget.*

The unions see the Budget and its effect on unemployment as a key issue in the build-up to further negotiation with the Government for a voluntary wages policy to replace the £6 limit which expires at the end of July.

They have listed their Budget proposals in the TUC annual economic review—officially published to-day and to-morrow in which they ask the Government *to set a target of pruning un*employment to 600,000 by 1978, to direct more finance to industry, introduce selective import controls and a wealth tax and *consider pegging top salaries at* around £20,000 a year.

Mr. Len Murray, TUC general secretary, describes unemployment as the "biggest worry of all" and admits that there is a long way to go before full employment can be achieved.

Yesterday, he spoke of the need for a moderate reflationary boost of about *£2bn., but said* that it was not a once and for all answer and there would need to be a continuing dialogue between the TUC and Government.

The TUC review was not a "prescription for a consumer-led boom" but was designed to *defeat inflation and* lay a foundation for rebuilding the economy.

Further evidence of the importance the unions are placing on the Budget comes from Mr. Jack Jones, general secretary of the Transport and General Workers' Union. He writes in the Record, his union newspaper, that the Government *must understand the overwhelm*ing importance of getting its Budget decisions "absolutely spot on."

The Budget needed to be a *"maxi" in the fight against* unemployment, building on the two job-creating packages already secured

TUC leaders would press the *Government* to take whatever measures were necessary to tackle unemployment. They refused to wait for a vague upturn in the economy, as the Tories would do if they were in power.

Mr. Jones also says that "an essential to underpinning unity amongst Labour supporters" is a major package of measures to remove the burden of taxation on the lower-paid and improve pensions.

When the TUC meets, Mr. Healey may also discuss the recently announced public expenditure cuts which have angered some individual union *leaders, but brought only muted* criticism from the TUC itself.

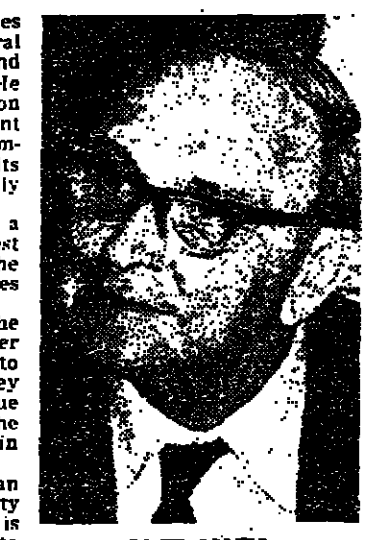
The pre-Budget discussions will set the scene for wage policy talks and Mr. Jones and other supporters of the social contract will be anxious to be able to argue that the Government is keeping its part of the *contract if they are to win* approval for a continued period of voluntary restraint.

The form of any new pay policy has yet to emerge, but there is clearly going to be a major debate on whether it should be *another flat rate* increase or there should be at least some percentage element so as to prevent differentials from being further eroded.

Yesterday Mr. Joe Wade, general secretary of the National *Graphical Association*, said that the craft-conscious union was not in favour of another period of flat rate rises.

He suggests in his union journal a special TUC congress to debate the whole pay issue *before any agreement is con*cluded with the Government—a view known to be held by several other TUC leaders..

Economic review details, Page 9



JACK JONES

Robb Caledon wins £3.5m. liquid-gas carrier order

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE FIRST big shipbuilding order to be placed at a British yard since September has been won by Robb Caledon Shipbuilders, the East Coast of Scotland group.

The company's £3.5m. order for a liquefied gas carrier is a fillip for the British industry which is generally deeply depressed about its shortage of orders, and a lifebelt for 1,000 workers at Robb's Leith shipyard who would otherwise have faced redundancies in a few months.

The order is specially significant because it comes from a domestic source, George Gibson *and Co. of Leith*, at a time when British shipowners are starting to come under pressure from Government to build more of their ships at home.

A variety of measures, falling short of actual coercion, are now under active discussion in Whitehall aimed at encouraging *British owners to buy British.*

The moves come after the flight by the owners last year into foreign yards. Almost 90 per cent. of British orders went abroad instead of the more traditional 65-70 per cent.

The first inducement likely to be introduced by the Government within a couple of months may be an extension of the cost inflation protection scheme, at present available only to to foreign shipbuyers.

Measures

More measures may follow in a bid to avert major cuts threatening yards such as Govan, Scott Lithgow and Swan Hunter only months after they are due to be nationalised in the middle of this year.

The slow progress being made in forging an EEC shipbuilding *policy may also encourage the* Government to feel free to take unilateral action

Although the EEC has taken a strong initiative in urging the Japanese to moderate their aggressive pricing policies, West Germany is understood to be blocking any move actively to protect European shipbuilding through shipyard subsidies or import controls.

The George Gibson order for a 2,500 cubic metre gas carrier due for delivery in the summer next year is the first to be taken *by* Robb Caledon for about 18 months.

The company, which now has an order book worth about £29m., made a £1.5m. loss to the end of last March after making provision for a £4.1m. loss on contracts in hand.

Gibson operates seven gas carriers and is a member of Unigas *Consortium, a multi-national gas* transportation company.

An Anchor Line subsidiary, Gibson's choice of Robb Caledon may have been influenced by the fact that two of its fleet were built by Burntisland Shipbuilding Company in 1966 whose assets and some design staff were later *acquired by Robb.*

Shipbuilding, aircraft cuts predicted Page 4

Callaghan to receive report of Rhodesia envoy to-day

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

LORD GREENHILL, who returned to London on Saturday *after a visit to Rhodesia as a* special envoy of the Government, is to meet Mr. Callaghan, the Foreign Secretary, this morning, to deliver a full report on his two days of talks in the Rhodesian capital.

The main object of to-day's meeting will be for Mr. Callaghan to discover, on the basis of Lord Greenhill's report, whether Britain can now play a more positive role in attemping to secure a peaceful settlement of the Rhodesian dispute.

No details of the Greenhill talks—which included two meetings with Mr. Ian Smith, the Rhodesian Premier—have been disclosed. But the signs are that Lord Greenhill and his colleagues, who included Mr. Callaghan's political adviser Mr. Tom McNally and Mr. Patrick Laver, *the head of the Rhodesian* department in the Foreign Office, have not brought back particularly encouraging news.

The principal aim of the *mission which was intended to* be entirely exploratory, was to discover the answer to the fundamental question of whether Mr. Smith and his Government were prepared to accede to a rapid transfer of power to the African people in Rhodesia.

As far as can be judged, Lord Greenhill has not returned with a satisfactory answer, although it is not clear whether Mr. Smith was quite so outspoken in his intention not to cede to "*immediate majority rule*" as he was when he spoke to Parliament last week.

Peaceful

Government spokesmen have suggested in the past year or two that Britain would agree to play a major role in Rhodesia in future only if it were clear that the object was to arrange a peaceful transfer to African rule.

With past experience in mind, the Government is worried that its involvement in other circumstances would be intended by Mr. Smith merely as a delaying tactic.

However, if Lord Greenhill reports that Mr. Smith is not willing to consider majority rule, the Government is well aware of the likely consequences.

An announcement that Lord Greenhill had failed to find Mr. Smith flexible enough could prove the final nail in the coffin of the talks between Mr. Nkomo, leader of the Rhodesia-based wing of the African National Council and Mr. Smith. *If these* talks fail, guerilla activity will *almost certainly be stepped up.*

Tony Hawkins reports from Salisbury: In a new clash in the north-eastern operational area on Saturday, 17 African guerillas and four white Rhodesian soldiers were killed, bringing the total of guerillas killed in the past week to 45, according to official sources here.

Negotiations with the Mozambique authorities for the release of 16 Rhodesian Railway officials arrested on Friday are continuing, with the railway between *Rhodesia* and *Maputo* (Lourenco Marques) remaining closed.

Railway officials say that the men have been taken to Pinto Texeira, 230 kms inside Mozambique, although *it is still* not clear on whose authority.

Business opinion here suggests *that Mozambique is likely to* suffer more from the railway's closure than Rhodesia.

Rhodesia apparently does not use the line for more than 20 per cent. of its trade, which no longer it is said, includes oil imports.

Continued from Page 1

Tories' olive branch

setting out some proposals on relations with the unions.

Mrs. Thatcher's theme, backed by Mr. Prior, at the conference on Saturday was that the party was not hostile to trade unions and was anxious to form a working partnership with union leaders when it returned to office.

Having offered the olive branch, Mrs. Thatcher sketched out the conciliatory strategy the Conservatives intend to follow, including the following key points:

1—No repeal of the Labour Government's trade union legislation, even though Bills such as the Trade Union and Labour Relations (Amendment) Bill are being *fought tooth and* nail through Parliament.

2—There must be "proper provision" for an effective conscience clause in closed shop agreements, according to Mrs. Thatcher, and Mr. Prior added that where closed shop agreements were negotiated they *should include effective con*science clauses and proper, independent appeals procedures. Mrs. Thatcher added the Tories also had to make certain that the introduction of a closed shop did not damage the freedom of the Press.

3—Government aid for postal ballots in unions, although these would be voluntary rather than compulsory.

4—Greater rank and file participation in union affairs, particularly by the one-third of trade unionists who customarily support the Tory party.

5—The *promotion of industrial* democracy, but specifically not Labour's proposal for worker directors. The Tories would encourage experiments, but again would not introduce legal backing.

THE LEX COLUMN

The bull market 14 months on

Following January's universal optimism in securities markets around the world, February's mood was much less certain. In the U.K. neither the equity nor gilt-edged markets have regained the peaks of January 30, although short term interest rates have continued to ease. Over the past month the yield *on the 20-year Government* Securities Index has risen from 12.2 to 12.8 per cent. despite a fall of three-quarters of a point to 9¼ per cent. in MLR during the same period.

In the U.S. equities were making new peaks last week and the home bond market remains extremely firm, but there is increasing hesitation about the monetary trends. Perhaps the rise in Citibank's prime rate by a quarter point to 6¾ per cent. on Friday was unrepresentative, *since the rate* was out of line with that of *other major banks in any case.* Yet a recovery in bank loan demand may soon *start pushing* interest rates generally upwards.

U.S. recovery

Last week's U.S. money *supply figures indicated a sig*nificant rise in M2, the measure which is being especially closely followed by the Federal Reserve at present. Although M2 growth is still within the target of 7½-10½ per cent., and no immediate tightening by the Fed is to be expected, it has moved from the middle towards the upper end of the range. Economic recovery, after the hesitation in the autumn, is accelerating again—the official index of leading economic indicators in January registered its largest monthly gain since last July. *And there are tentative signs* of a revival in demand for business credit.

A gentle rise in U.S. short *term rates need not necessarily* put immediate pressure on the U.K. The Bank of England has allowed U.K. rates to fall further, presumably because it believes that sterling is strong enough to allow some narrowing of the U.S.-U.K. interest rate differential. However, the gap of 3.75 points between U.S. and U.K. Treasury bill rates is now as low as it has been during the past year (in October it was over 6 points) and the process may not go very much further.

At the same time, cyclical indicators at home are now giving a very clear message. Destocking by manufacturing industry was pretty well over by the final quarter of 1975, and the same applies to the *decline* in industrial production. On the labour front, unfilled vacancies started to rise in January, and on precedent *the jobless* peak (seasonally adjusted) ought not to be many months off. Friday's CBI survey is only *the latest of such studies* to point to a rising trend in orders for industry.

Lending by banks to the private sector remains as dull as it has been for well over a year, and there may still not be any immediate pickup. But last week National Westminster was prepared to project a rise in loan demand in the final quarter, and a good many recent industrial company rights issues have reflected concern about working capital requirements in the *next* year or two.

So the *pattern of the bull* market is beginning to change. Over the past 14 months the major constraints have been the *Government's manipulation of interest rates* — to do with its funding requirements and the problems of *sterling* — and the supply of rights issues. *Expectations about the cor*porate sector have been improving, albeit from a near-disastrous level. It now seems *that profits stopped declining* sometime near the end of 1975 —and indeed, companies like ICI have reported significant upturns for the *final quarter.* Profits ought to be picking up strongly throughout this year.

Against this background share prices may reasonably be expected to go higher, especially since there appears to be so little froth in the market at present, of the kind which might be associated with a bull market peak. However, dividend restraint and the size of the yield gap must put some limit on the scale of the further increases in the absence of sharp falls in interest rates. And as the year progresses the burgeoning economic recovery *will* impose an increasingly two-way pull on capital markets. The need to finance the business *recovery will loom larger at the* same time as the public sector's demand for funds remains—according to the latest projec*tions*—as high as ever.

Corporate profits

But although the four-year economic cycle may influence the timing of stock market turns, it does not det[...] overall level of share[...] *the politicians* ar[...] believed, and industr[...] to be given priority i[...] ahead, that could go [...] *towards offsetting the* pressures which [...] expected to develo[...] market during, say, [...] scale of the past be[...] after all, was much g[...] in past cyclical f[...] and even after the [...] since early 1975 sh[...] remain extremely de[...] real terms relative t[...] peaks. It all comes b[...] level of real corpor[...] which are *still* at a [...] ebb.

Assoc. Fish.

Associated Fisheri[...] after all, going to [...] break-even in the fir[...] 1975-76, *despite the* [...] loss makers, a marke[...] ment in food proce[...] higher fish prices. T[...] auction price of cod [...] ber was about an eig[...] than in the boom p[...] years earlier, and dou[...] it stood at the bott[...] slump. But althou[...] losses are lower than [...] 12 months ago, trawl[...] substantially in the [...] costs are the explana[...] instance fuel will cost [...] this year, which is [...] the level on a large [...] 1972-73.

There is apparentl[...] of costs getting back [...] ance without Govern[...] port, which is a grin[...] for a group with abo[...] capital employed tied [...] fishing industry. Mor[...] processing, which [...] another sizeable slice [...] ance sheet, has not [...] proper return in rec[...] At least the group is [...] hungry, and still has [...] ably liquid balance s[...] a modest amount of [...] debt. And the fleet [...] be conservatively val[...] two-thirds depreciate[...] been reduced from [...] nearer 100 distant wa[...] over the last 18 mo[...] no adverse impact o[...] ance sheet. But [...] capitalisation of unc[...] (which is equivalent [...] three-quarters of p[...] profits) seems to de[...] the moment on the wh[...] Government.

Weather

U.K. TO-DAY

SUNNY periods, mainly dry.

London, Cent., S.E. and E. England, E. Anglia, E. Midlands

Dry; sunny spells. Wind N.W. moderate, backing W. light. Max. 8C (46F).

W. Midlands, N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland

Dry; sunny spells. Wind W. moderate, becoming light. Max. 7C (45F).

S.W. England, S. Wales

Dry; sunny spells. Early cloud in places. Wind variable light. Max. 9C (48F).

N.E. England, Borders, Edinburgh, Dundee

Dry; sunny spells Becoming cloudy. *Wind W. moderate.* Max. 7C (45F).

Glasgow and Argyll

Bright spells at first. Cloudy later, perhaps with rain. Wind W. moderate or fresh. Max. 7C (45F).

Outlook: Dry, sunny spells. Night frost and fog.

Lighting up: London 18.10, Manchester 18.17, Glasgow 18.21, Belfast 18.30.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	S	10	50	Luxemb'g	S	10	50
Athens	S	14	57	Madrid	S	12	54
Bahrain	S	16	61	Manchstr.	S	11	52
Barcelona	S	14	57	Melbourne	R	17	63
Belfast	R	7	45	Mexico C.	S	17	63
Belgrade	S	12	54	Milan	S	14	57
Berlin	S	10	50	Moscow	S	−2	28
Brmnghm.	S	11	52	Munich	S	14	57
Bristol	S	12	54	Newcastle	F	11	52
Brussels	S	12	54	Oslo	F	3	37
Budapest	S	10	50	Paris	S	15	59
B. Aires	R	23	73	Perth	F	24	75
Cairo	S	20	68	Prague	S	11	52
Cardiff	S	12	54	Reykjavik	F	−6	21
Cologne	S	13	55	Rome	S	17	63
Copnhagn.	C	6	43	Singapore	C	30	86
Dublin	F	12	54	Stockholm	Dr	4	39
Edinb'gh	F	10	50	Strasbourg	S	12	54
Frankfurt	C	2	36	Sydney	F	25	77
Geneva	S	4	39	Tehran	S	5	42
Glasgow	C	8	46	Tel Aviv	F	12	54
Helsinki	C	0	32	Tokyo	R	13	55
H. Kong	C	15	59	Vienna	S	10	50
Jo'burg	C	25	77	Warsaw	S	12	54
Lisbon	S	14	57	Zurich	S	12	54
London	F	13	55				

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	S	14	57	Jersey	C	10	50
Algiers	S	15	59	Las Plms.	F	19	66
Biarritz	S	17	63	Locarno	S	15	59
Blackpool	F	10	50	Majorca	S	14	57
Bordeaux	S	16	61	Malaga	F	15	59
Boulogne	C	8	46	Malta	F	15	59
Casablnca	S	20	68	Nairobi	C	21	70
Cape Town	S	26	79	Naples	S	16	61
Corfu	S	16	61	Nice	S	14	57
Dubrovnik	S	17	63	Nicosia	S	12	54
Faro	S	16	61	Oporto	S	19	66
Florence	Fg	8	46	Rhodes	S	13	55
Funchal	C	15	59	Salzburg	S	15	59
Gibraltar	F	14	57	Tangier	S	17	63
Guernsey	C	6	43	Tenerife	S	16	61
Innsbruck	S	14	57	Tunis	F	15	59
Inverness	C	9	48	Valencia	S	14	57
I. of Man	F	9	48	Venice	S	14	57
Istanbul	F	8	46				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Dr—Drizzle.

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